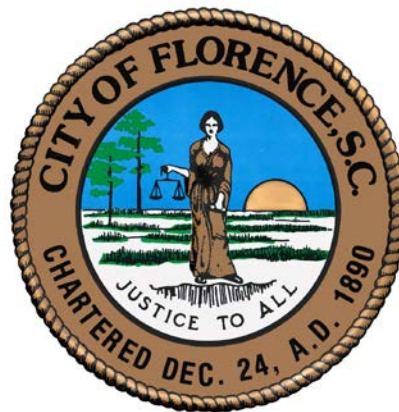


CITY OF FLORENCE, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012



PREPARED BY

CITY OF FLORENCE, SOUTH CAROLINA

FINANCE DEPARTMENT

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2012
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INTRODUCTORY SECTION

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**CITY OF
FLORENCE**
• S C •



FINANCE DIRECTOR
CITY-COUNTY COMPLEX BB
180 N. IRBY STREET
FLORENCE, SC
29501-3456
TEL (843) 665-3162
FAX (843) 665-3111

December 3, 2012

Honorable Mayor, Members of City Council, City Manager,
and Citizens of the City of Florence, South Carolina:

State law requires that all general-purpose local governments annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Florence (City) for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by WebsterRogers LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Florence was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the federal awards section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Florence MD&A can be found immediately following the report of the independent auditors.

The City's financial statements include government-wide financial statements as well as fund-by-fund financial information. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, this report includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. This report provides in the MD&A financial highlights and an interpretation of the financial reports through trend analysis and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.

Profile of the Government

The City, chartered in 1890, is located in the northeastern region of South Carolina approximately 60 miles from the Atlantic Ocean. Florence is situated in the heart of the seven counties known as the Pee Dee region. The City of Florence is the largest city in Florence County and serves as the county seat. The City currently occupies a land area of approximately 20 square miles and serves a population in excess of 37,000. The City of Florence is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by governing council.

The City of Florence operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's manager, municipal judge and city attorney. The government's manager is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the directors of various departments. The Council is elected through a partisan election process. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a four-year term. The mayor and three members of council are elected at large. The remaining three members of Council are elected by district.

The City provides a full range of services, including: police and fire protection; the construction and maintenance of streets and other infrastructure; sanitation services; parks, recreational, and athletic activities and events; planning and zoning services; water production and distribution services; wastewater collection and treatment services; and stormwater collection services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Florence are required to submit requests for appropriations to the City Manager in the spring of each year. The City Manager uses these requests to begin developing a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level. Budget appropriations may be amended by council as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 30 as part of the basic financial statements for the governmental funds.

Local economy

The City of Florence is located at the economic and cultural heart of the Pee Dee region situated between the Piedmont and Coastal sections of South Carolina. The City is the economic center of the Pee Dee region and serves the northeastern portion of the state as a major thoroughfare and service community. Florence's location makes it especially desirable for development and expansion. As a significant transportation connector, with Interstate 95 and Interstate 20 intersecting at the city limits, Florence is among the top commercial, industrial, medical, and service centers in the state. In addition to the two major interstate highways, Florence is accessible to an expanding regional airport, numerous trucking terminals, and both Amtrak and CSX Transportation railway services.

Florence County is home to many domestic and international businesses and ranks as one of the strongest internationally diverse economies in the state. The investments in the Florence area of companies such as Roche Carolina, Honda, Nan Ya Plastics, Johnson Controls, QVC, Monster.com, H.J. Heinz Co. and Otis Elevator have contributed significantly to overall capital investments and job creation in the area.

The healthcare industry in Florence continues to be one of the best in the nation, and the growth in area healthcare continues. Florence boasts two major hospital systems—McLeod Regional Medical System and Carolinas Hospital System. Florence leads the region as a center for healthcare excellence with numerous healthcare specialists, medical, eye care, and dental practices also located in the City.

The City of Florence is home to a multitude of shopping and dining venues offering an assortment of shopping malls, superstores, regional and national retail and restaurant establishments, and locally owned retail stores. Magnolia Mall, Magnolia Commons, The Plaza at Magnolia, Florence Mall, and a variety of other shops and stores throughout the city attract shoppers from all of Florence County as well as surrounding counties in the Pee Dee Region. Of the total retail sales in the seven Pee Dee counties, more than half comes from Florence County.

The Florence City County Civic Center, a joint capital venture between the City and County of Florence, was opened in 1993. This multi-functional facility complements the recreational, cultural and tourism related activities provided in Florence. The Civic Center has, since its opening, provided local residents and tourists alike a location to gather for such diverse entertainment events as indoor football games, concerts, circuses, rodeos, and a variety of other assorted shows.

Downtown revitalization serves as a key element in the local economy and growth of Florence. A Downtown Master Redevelopment plan was presented to the public in 2001 as a strategic process for transforming downtown Florence into the cultural and economic heart of the Pee Dee it once was. The focus of the master plan was the role of the downtown as the heart of the city utilizing economic, physical and management strategies of implementation. As part of the master plan implementation process a 501(c)(3) tax-exempt charitable corporation, the Florence Downtown Development Corporation, was formed. City staff works closely with the Downtown Development Corporation, the Florence Downtown Merchants Association, and others involved with the revitalization effort in support of a long-term commitment to renovate, renew, and restore the economic and cultural vitality and vibrancy of downtown Florence. In 2005, City Council adopted an ordinance that created an overlay district for downtown redevelopment, established design guidelines in the overlay district, and created powers and rules of procedure for a Downtown Design Review Board. On December 18, 2006 City Council adopted an ordinance creating a Tax Increment Financing (TIF) district incorporating the overlay district for downtown redevelopment as adopted by Council in 2005. Anticipated proceeds resulting from the development of a tax increment financing district will be used for public improvements in support of such projects as a business incubator, improved traffic circulation and pedestrian access, parks and greenspace, and increased access to public transportation. To further encourage downtown redevelopment City Council adopted an ordinance in October 2011 that provided for the establishment of a Downtown Economic Development Incentive Program. The incentives were specifically identified and approved when City Council adopted a resolution in February 2012 authorizing a number of incentives designed to encourage the revitalization of the downtown area.

Proximity to the Grand Strand and the intersection of two major interstate highways in the area have contributed to the growing attraction of accommodation and hospitality industries to Florence. Numerous hotels and restaurants, many of which are national chains, have located near the Florence Civic Center and Magnolia Mall as well as along the intersection of Interstate 95 and U.S. Highway 52.

Florence is fortunate to have a diverse economy, and economic expansion continues in both the City and County of Florence. Florence has been recognized nationally as a prime destination for business and industry because of its accessibility and the availability of land suitable for industrial and commercial development.

Long Term Financial Planning

As part of the City's long-term needs assessment related to general governmental operations, City Council met with staff in January 2012 to identify and prioritize essential projects and initiatives to be undertaken. A number of initiatives were identified and approved by City Council to be accomplished on a multi-year basis with funding to be incorporated into the City's operating budgets. These initiatives include downtown redevelopment, neighborhood redevelopment, quality of life opportunities, and continued investment in public infrastructure. Funding for these endeavors, which have long term fiscal implications, will come from a variety of sources including grants, Hospitality Fee revenues, Community Development Block Grant funds, and General Fund revenues.

The City's combined water and wastewater system continues to face fiscal challenges related to increasing operational costs and capital improvement needs including the construction of a wastewater treatment facility. In response to these challenges the City performed a comprehensive study of the operating, capital, and long-term debt service requirements to determine revenue sufficiency for these needs. The analysis revealed that rates for the combined water and wastewater system should be revised to meet current and future financial requirements of the system. Based on the recommendations of a comprehensive ten-year rate study City Council approved in 2010 an ordinance incorporating the recommended rates. This ordinance revised and updated the City's water and wastewater rate schedules through fiscal year 2020.

Relevant Financial Policies

The Finance Department is responsible for providing comprehensive financial management, management analysis and support services to City management and departments in an effort to promote fiscal accountability, enhance public services, maximize revenue collections, contain costs and ensure accurate performance reporting consistent with governmental standards and regulations. Policies and procedures are developed and maintained by the Finance Department to facilitate the accomplishment of these goals and to ensure adherence to best practices in financial management and accounting.

Major Initiatives

Wastewater Management Facility Construction (Phase I) – In 2006, based on alternatives presented in a regional Water and Sewer System Master Plan (Master Plan), City Council determined that the City's wastewater treatment functions should be completely redesigned and rebuilt at the existing site located off National Cemetery Road to become the Florence Regional Wastewater Management Facility (WWMF). The preliminary engineering report (PER) for the new facility was presented to City Council in January 2008. The report included an implementation schedule and cost estimates for redevelopment of the plant at the current site. A contract was then negotiated with CDM for design engineering and has since been completed. Construction for the project was separated into two contracts. Bids for Contract 1, a project that includes influent pumps, headworks, secondary clarifiers, and effluent disinfection facilities, were received in May 2009. Seaside Utilities of Moncks Corner, SC was selected as the contractor for this project. Contract 1 construction, at an approximate total cost of \$18 million, was begun in August 2009 and was completed in 2012. Bids for Contract 2, a project that includes aeration basins, additional secondary clarifiers, sludge handling facilities, an odor control system, effluent pumping works and a laboratory and administration building, were received in February 2010. Encore Construction Company of Winter Garden, Florida, was selected as the contractor for this project. Contract 2 construction, at an approximate total cost of \$69 million, was begun in July 2010 and is scheduled for completion in 2013. Together, the facilities to be constructed in Contract 1 and 2, which constitutes Phase 1 of a two-phased construction project, will completely replace the current wastewater treatment plant and will increase the treatment capacity from 15 million gallons per day to 18 million gallons per day.

Wastewater Management Facility Funding (Phase I) – Financing for Contract 1 is provided by a loan from the South Carolina Water Quality Revolving Fund Authority that was closed on June 25, 2009. This loan, to be repaid over a period of 20 years from utility system revenues, includes \$4 million at 0% interest and the balance of the loan at 3.5% interest for a total blended interest rate of 2.81%. The \$4 million at 0% interest was provided through the American Recovery and Reinvestment Act of 2009 stimulus funds. On May 4, 2010, the City of Florence issued a total of \$99,000,000 revenue bonds for its water and sewer system. The bonds included \$31,005,000 of refunding bonds and \$67,995,000 million of new-money bonds. The refunding bonds will save the City's utility system more than \$5,500,000 by refinancing bonds originally issued in 1993 and 2000. The proceeds from the new-money borrowing are being used to complete the rehabilitation of the wastewater treatment facility

as well as expand treatment capacity. The new money issue was sold as a taxable Build America Bonds (BABs) which were a creation of the American Recovery and Reinvestment Act of 2009. The "Direct Payment" BABs will pay the City of Florence a federal subsidy by the U.S. Treasury Department in an amount equal to 35% of the total interest payable on the bonds.

Wastewater Management Facility Construction and Funding (Phase II) – The 18 million gallons per day permit capacity achieved with Phase 1 construction of the WWMF provides for only limited additional system growth in accordance with the South Carolina Department of Health and Environmental Control (SCDHEC) guidelines. The continued phased expansion of the WWMF was recommended by the Master Plan and the PER. The continued phased expansion will cost-effectively expand the permit capacity of the wastewater facility from 18 mgd to 22 mgd through the design and construction of additional liquid train treatment. Design and construction of a wastewater treatment capacity expansion to 22 mgd will provide additional marketable sewer service by Spring 2014. The total estimated cost for the Phase II construction is \$11,396,000. In fiscal year 2013 the City will apply to the South Carolina Water Quality Revolving Fund Authority for a 1.90% interest loan to fund the Phase II construction project over a 20-year period.

Downtown Redevelopment – As part of the City's long-term commitment to renovate, renew, and restore the economic and cultural vitality and vibrancy of Downtown Florence, the following initiatives have been undertaken for accomplishment by the City:

- Adoption of Maintenance and Appearance Codes in the Downtown Historic District;
- Adoption of business related incentives to include façade grants, a low interest loan pool, sign grants, design assistance, water and sewer infrastructure improvements, business license grants, and a business incubator;
- An initiative to change the perception that the Downtown is unsafe through increased police presence, a Merchants Association Community Watch program, and the installation of a video surveillance system in public spaces;
- Water, sewer, and stormwater utility improvements and related streetscape repairs and improvements.

Neighborhood Redevelopment – In recognition that housing and neighborhood conditions are central to the City's current and future well-being, the following strategies, designed to foster and encourage neighborhood redevelopment, have been identified as critical needs and will be undertaken for accomplishment by the City:

- Adoption of the Unified Development Code (UDO);
- Promotion and funding of infill redevelopment with financial assistance and policy;
- Funding of housing infrastructure and street beautification in targeted areas;
- Adoption and funding of a rental housing conversion program;
- Increased code enforcement activities in residential neighborhoods;
- Establishment of a Nuisance Abatement Court System;
- Continued investment in neighborhood parks and trail systems.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Florence for its comprehensive annual financial report for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement award, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report, with contents which conform to GFOA program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Certificate awarded for fiscal year ended 2011 marks the fourteenth consecutive year the award has been received by the City of Florence. We believe that this comprehensive annual financial report conforms to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department as well as the City's independent auditors, WebsterRogers, LLP. Their assistance provided in the preparation of this report is sincerely appreciated.

In closing, without the guidance, leadership, and support of the City Manager, Mayor, and City Council, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Thomas W. Chandler', with a large, stylized flourish extending to the right.

Thomas W. Chandler
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Florence
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



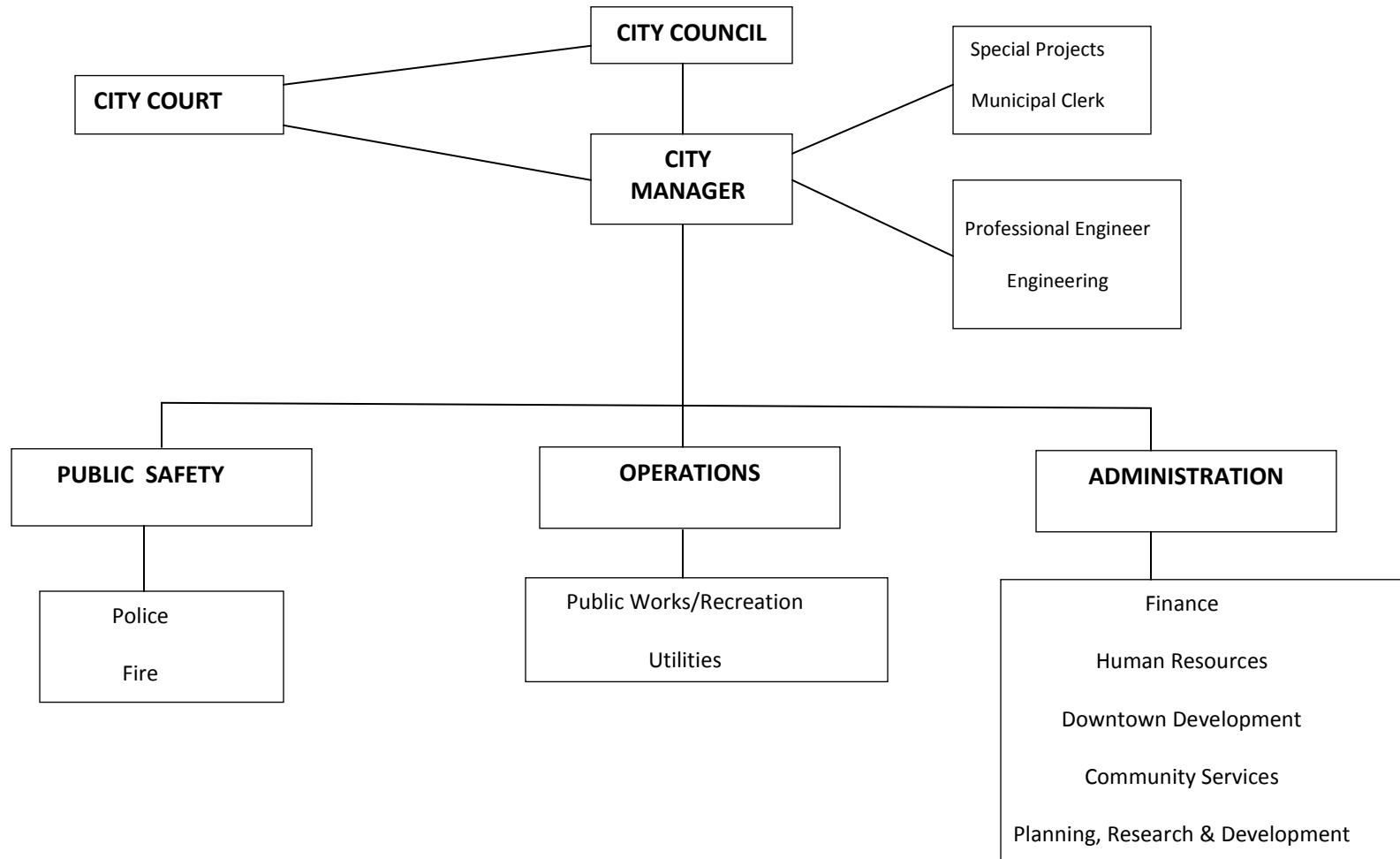
Linda C. Danison

President

Jeffrey R. Enow

Executive Director

**CITY OF FLORENCE
ORGANIZATIONAL CHART
FISCAL YEAR 2011- 2012**



**CITY OF FLORENCE
ORGANIZATIONAL CHART
FISCAL YEAR 2011- 2012**

CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2012

GOVERNING BODY

Stephen J. Wukela, Mayor

Frank J. Brand, II, Mayor Pro Tempore

Edward Robinson

Octavia Williams-Blake

Stephen C. Powers

Teresa Myers Ervin

Glynn F. Willis

ADMINISTRATION

Andrew H. Griffin, City Manager

Thomas W. Chandler, Finance Director

Darene S. Stankus, Human Resources/Risk Management Director

Scotty B. Davis, Community Services Director

Anson E. Shells, Police Chief

Randall S. Osterman, Fire Chief

Charles E. Pope, Jr., Public Works Director

Phillip M. Lookadoo, Planning, Research and Development Director

Raymond F. Reich, Downtown Development Director

Michael D. Hemingway, Utilities Director

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FINANCIAL SECTION

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Independent Auditors' Report

To the Honorable Mayor
and Members of the City Council
City of Florence, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the ***City of Florence, South Carolina***, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Florence, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, South Carolina, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the general fund and the hospitality fee fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the City of Florence, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 23 and the Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have

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Florence, South Carolina
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applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, South Carolina's financial statements as a whole. The introductory section, combining and individual fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Fines, Assessments, and Surcharges – Special Revenue Fund – Victims Services Fund on page 92, listed in the table of contents under Other Financial Information, is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards on page 123, listed in the table of contents under the Single Audit Section, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of the City of Florence, South Carolina. The combining and individual fund statements and schedules, the Schedule of Fines, Assessments, and Surcharges, and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Florence, South Carolina
December 3, 2012

CITY OF FLORENCE, SOUTH CAROLINA Management's Discussion and Analysis

As management of the City of Florence (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which immediately follows this section, and our letter of transmittal in the preceding Introductory Section.

Financial Highlights

The following information highlights the most significant changes to the City's financial position over the last year. Though not intended to be all-inclusive, this information provides a snapshot of the most important changes in the City's financial position over the last year:

- The assets of the City of Florence exceeded its liabilities at the close of the most recent fiscal year by \$141,813,564 (*net assets*). Of this amount, \$34,183,170 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$8,267,699 during the fiscal year ended June 30, 2012, with a \$1,366,387 decrease resulting from governmental activities and a \$9,634,086 increase resulting from business-type activities.
- As of the close of the current fiscal year, the City of Florence's governmental funds reported a combined ending fund balances of \$12,728,395, a decrease of \$3,261,385 in comparison with the prior year. Approximately 65.1 percent of this total amount, \$8,291,180 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,291,180, or 29 percent of the total general fund expenditures.
- The City of Florence had \$140.6 million in bonds and notes outstanding versus \$144.5 million last year, a decrease of 2.7 percent.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Florence's finances, in a manner similar to statements of a private-sector business.

The *statement of net assets* presents information on all of the City of Florence's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in the net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Florence include general government, public safety, community services, and parks and recreation services. The business-type activities of the City of Florence include water and sewer services and storm water services.

The government-wide financial statements can be found on pages 24 and 25 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Florence, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into these categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements utilize the modified accrual basis of accounting, which focuses on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains a variety of individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Hospitality Fund, which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 26 - 29 of this report. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund can be found on page 30.

Proprietary funds. The City of Florence maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide statements. The City of Florence uses enterprise funds to account for its water and sewer activities and storm water operations.

Proprietary funds provide the same types of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer activities and for the storm water operations, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 32 - 35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 36 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 - 61 of this report.

Other supplemental information. In addition to the basic financial statements and accompanying notes, the report also presents certain *required supplementary information*.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 63 - 92 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Florence, assets exceeded liabilities by \$141,813,564 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (72%) reflects its investment in capital assets (e.g. land, building, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Florence's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net assets, \$34,183,170, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Florence is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate business-type activities. The same situation held true for the prior fiscal year.

City of Florence's Net Assets

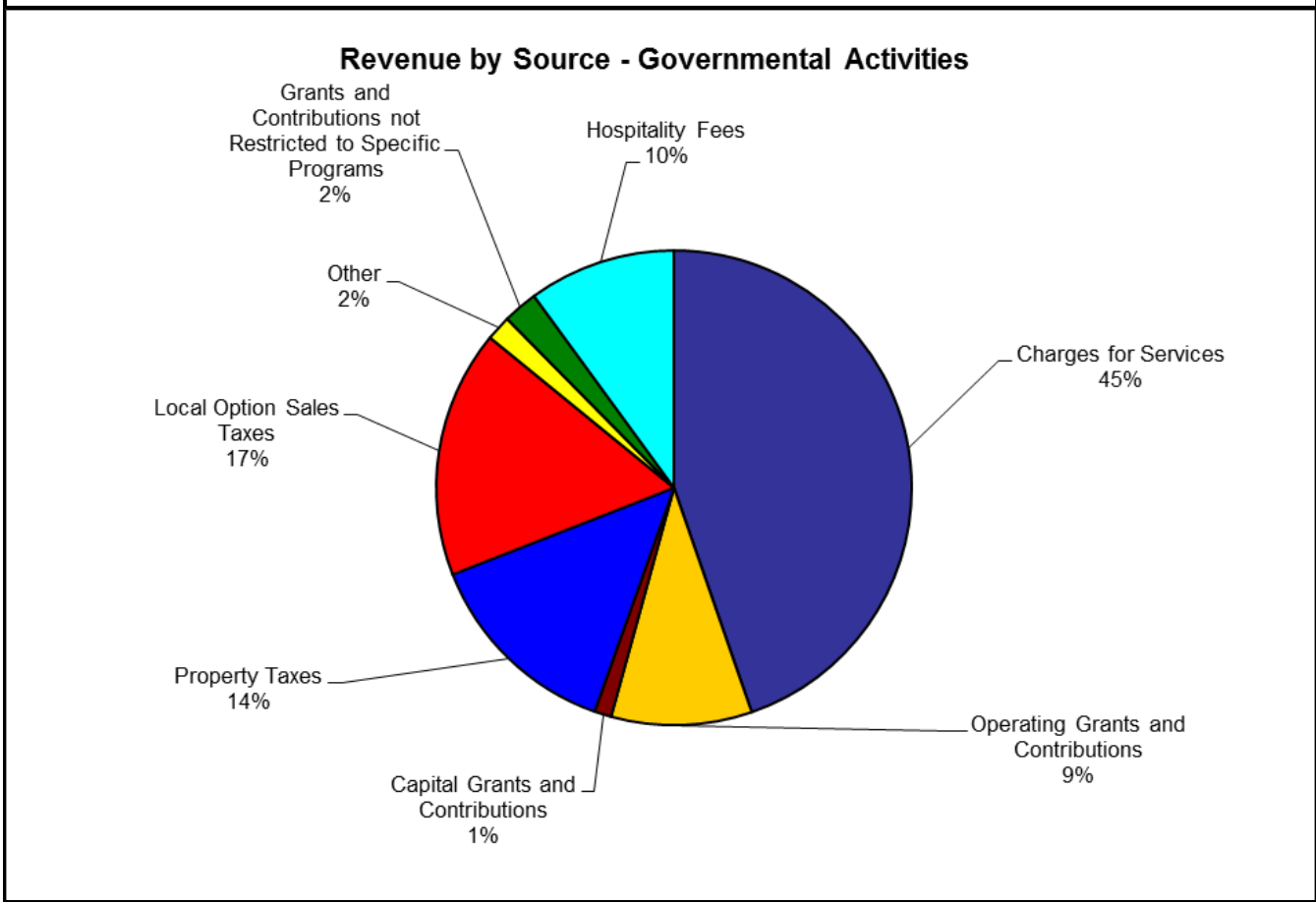
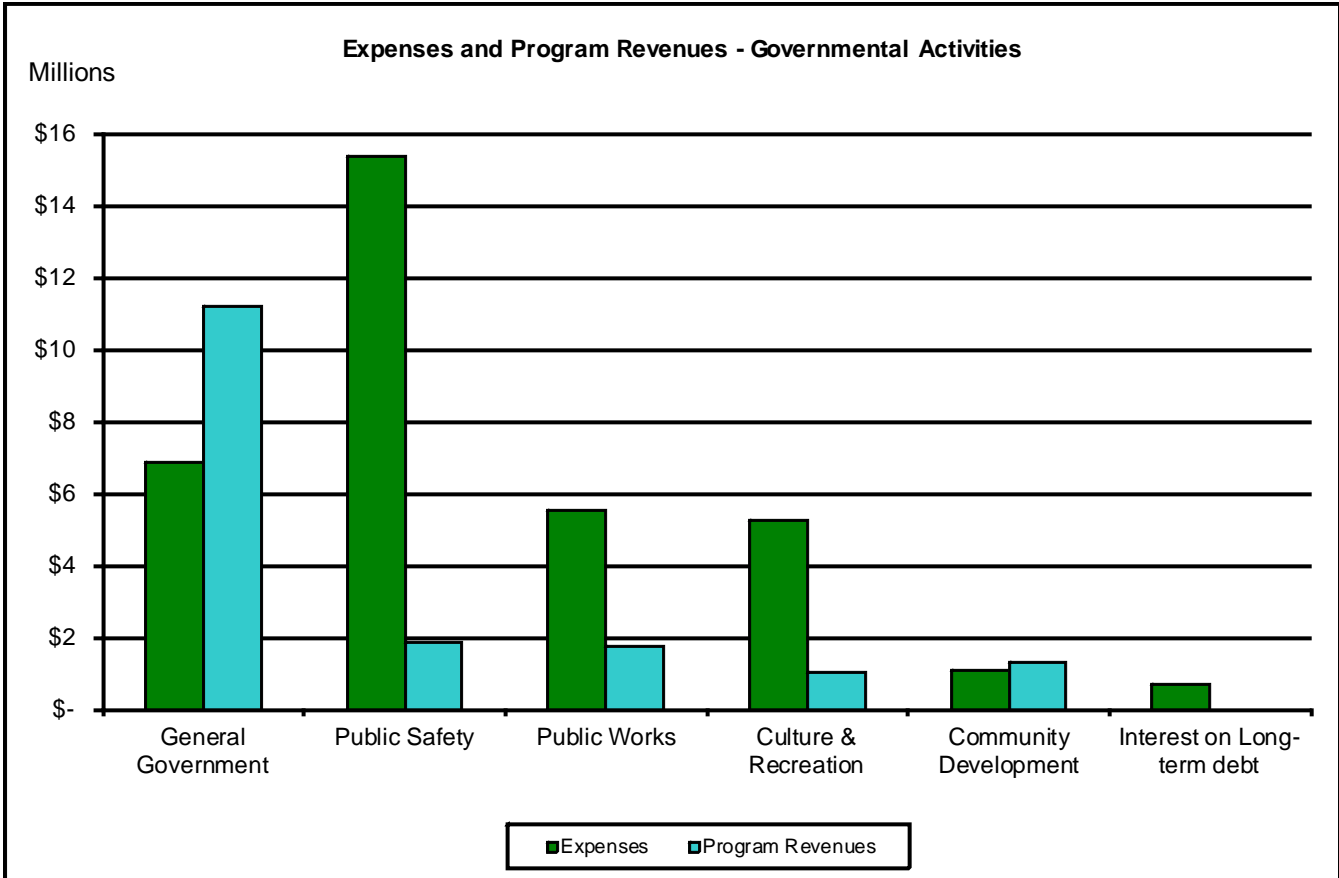
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 17,198,281	\$ 19,507,188	\$ 57,708,671	\$ 86,763,582	\$ 74,906,952	\$106,270,770
Capital assets	34,140,598	33,815,576	196,190,830	166,333,291	230,331,428	200,148,867
Total assets	<u>51,338,879</u>	<u>53,322,764</u>	<u>253,899,501</u>	<u>253,096,873</u>	<u>305,238,380</u>	<u>306,419,637</u>
Long-term liabilities	17,622,162	19,259,982	134,785,310	138,019,597	152,407,472	157,279,579
Other liabilities	4,410,915	3,390,593	6,606,429	12,203,600	11,017,344	15,594,193
Total liabilities	<u>22,033,077</u>	<u>22,650,575</u>	<u>141,391,739</u>	<u>150,223,197</u>	<u>163,424,816</u>	<u>172,873,772</u>
Net assets:						
Invested in capital assets, net of related debt	19,429,425	17,158,331	82,021,447	79,843,049	101,450,872	97,001,380
Restricted	1,279,834	5,029,732	4,899,688	6,323,412	6,179,522	11,353,144
Unrestricted	8,596,543	8,484,126	25,586,627	16,707,215	34,183,170	25,191,341
Total net assets	<u>\$ 29,305,802</u>	<u>\$ 30,672,189</u>	<u>\$112,507,762</u>	<u>\$102,873,676</u>	<u>\$141,813,564</u>	<u>\$133,545,865</u>

City of Florence's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 13,786,297	\$ 13,867,188	\$ 30,810,314	\$ 29,802,481	\$ 44,596,611	\$ 43,669,669
Operating grants and contributions	2,971,633	4,073,237	-	-	2,971,633	4,073,237
Capital grants and contributions	356,500	51,000	-	741,858	356,500	792,858
General Revenues:						
Property taxes	9,401,312	9,375,114	-	-	9,401,312	9,375,114
Hospitality taxes	3,092,529	2,926,340	-	-	3,092,529	2,926,340
Grants and contributions not restricted to specific programs	728,643	711,684	-	-	728,643	711,684
Other	525,631	180,937	1,021,711	982,079	1,547,342	1,163,016
Total revenue	<u>30,862,545</u>	<u>31,185,500</u>	<u>31,832,025</u>	<u>31,526,418</u>	<u>62,694,570</u>	<u>62,711,918</u>
Expenses:						
General Government	6,884,773	6,910,887	-	-	6,884,773	6,910,887
Public Safety	15,342,743	14,139,828	-	-	15,342,743	14,139,828
Public Works	5,527,026	4,868,876	-	-	5,527,026	4,868,876
Culture and Recreation	5,223,822	4,030,009	-	-	5,223,822	4,030,009
Community Development	1,097,686	502,885	-	-	1,097,686	502,885
Interest on long-term debt	672,883	525,463	-	-	672,883	525,463
Water and Sewer	-	-	18,382,310	17,974,450	18,382,310	17,974,450
Stormwater	-	-	1,295,628	1,210,596	1,295,628	1,210,596
Total expenses	<u>34,748,933</u>	<u>30,977,948</u>	<u>19,677,938</u>	<u>19,185,046</u>	<u>54,426,871</u>	<u>50,162,994</u>
Increase (decrease) in net assets before transfers	(3,886,388)	207,552	12,154,087	12,341,372	8,267,699	12,548,924
Transfers	2,520,001	2,019,569	(2,520,001)	(2,019,569)	-	-
Increase (decrease) in net assets	(1,366,387)	2,227,121	9,634,086	10,321,803	8,267,699	12,548,924
Net assets - beginning	30,672,189	28,445,068	102,873,676	92,551,873	133,545,865	120,996,941
Net assets - ending	<u>\$ 29,305,802</u>	<u>\$ 30,672,189</u>	<u>\$ 112,507,762</u>	<u>\$ 102,873,676</u>	<u>\$ 141,813,564</u>	<u>\$ 133,545,865</u>

Governmental activities. Governmental activities decreased the City of Florence's net assets by \$1,366,387. Key elements of this decrease are as follows:

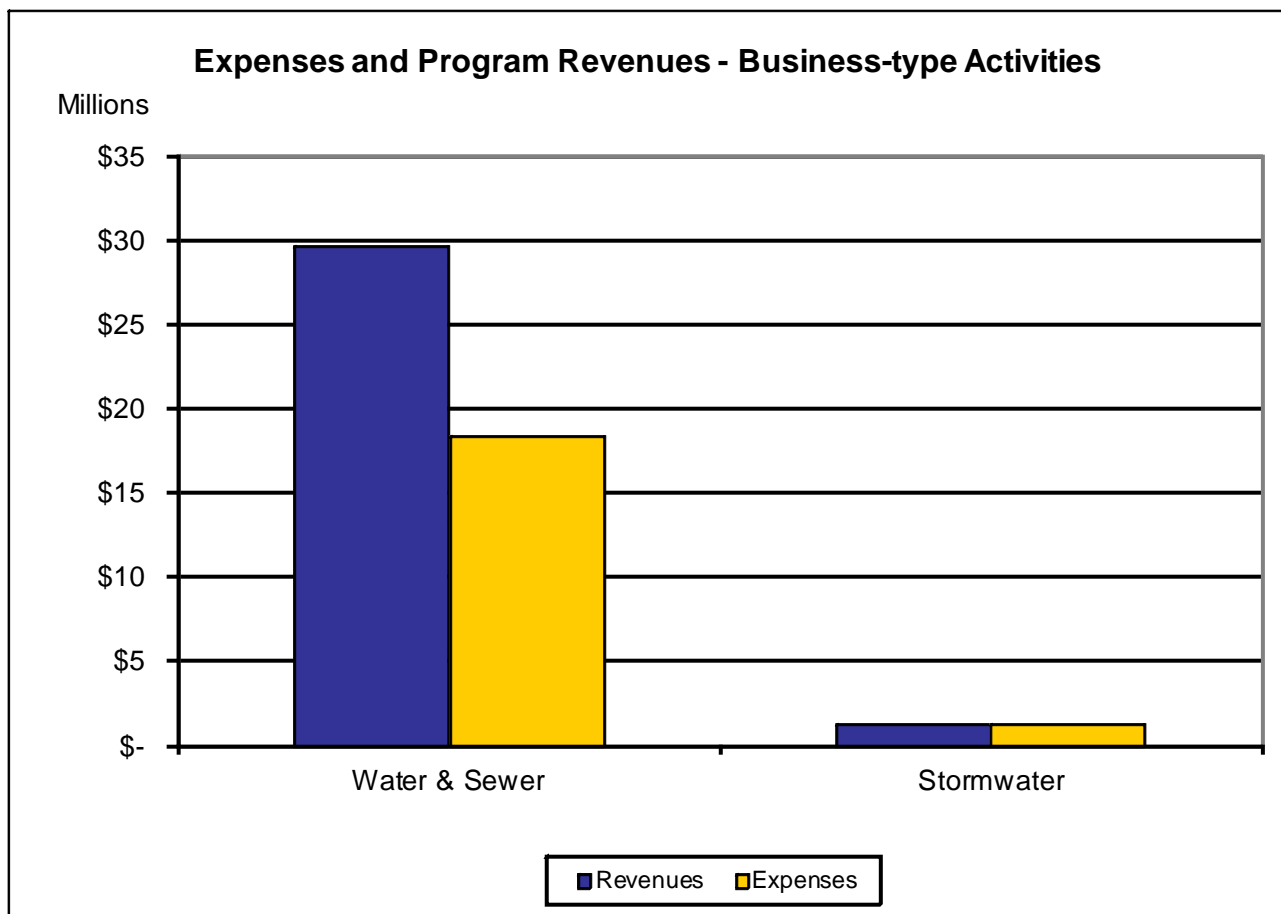
In FY 2011-12 the City's operating grants decreased by \$1,121,177 over the prior year's operating grants. The City's expenses increased in Public Safety due to the City's new fire station operating for the entire fiscal year where in FY 2010-11 the fire station was in service for only part of the year. Expenses also increased due to the opening of the City's Tennis Complex which opened in June 2011.

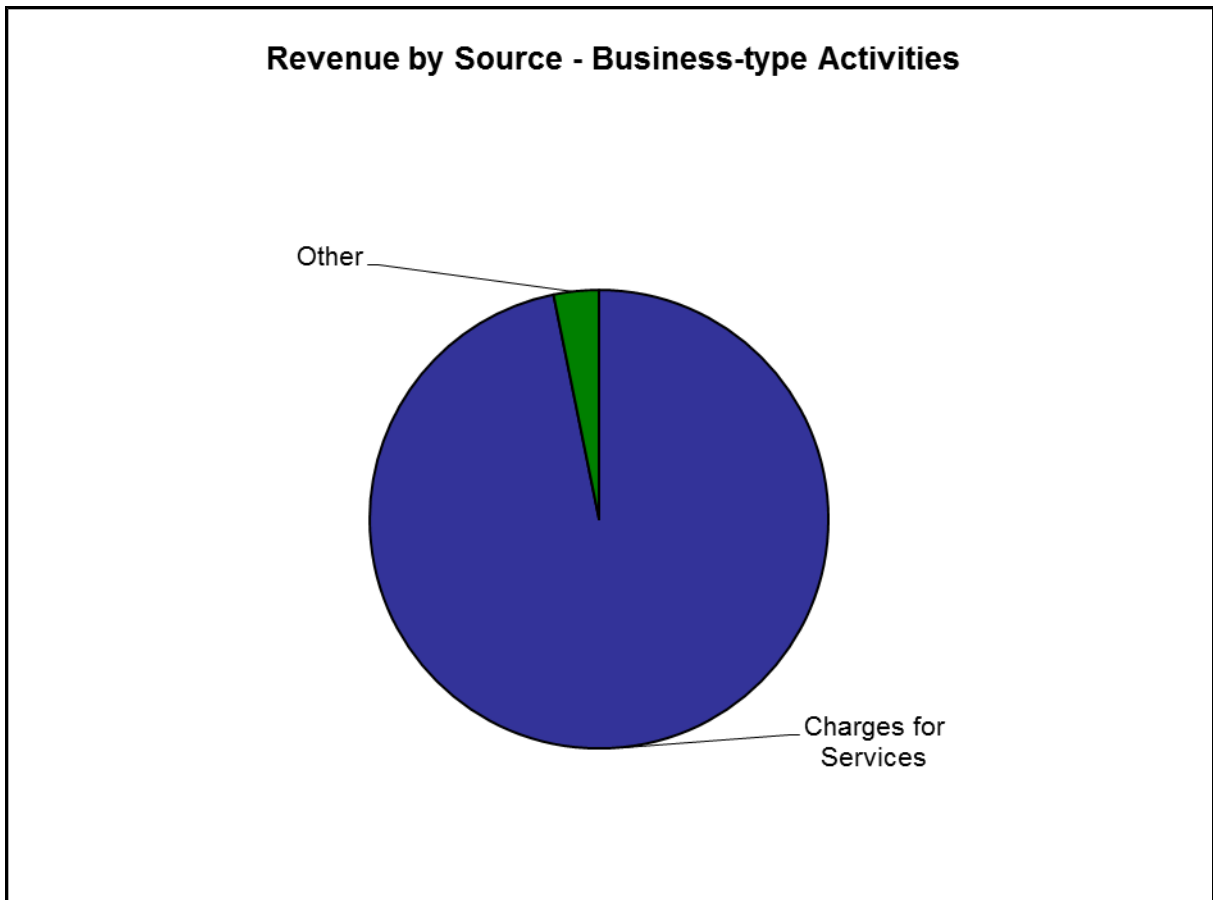


Business-type activities. Business-type activities increased the City of Florence's net assets by \$9,634,086, accounting for 117 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

Capital Water and Sewer Projects – The City has continued to expand its water and sewer infrastructure over the past year. Projects related to this expansion provide new services or upgrade existing services to City residents and customers. The combined cost of these newly completed projects was \$667,944. In FY 2009-10 the City of Florence signed the first contract to begin the construction of the Florence Regional Wastewater Management Facility. Financing for this contact is being provided by a loan from the South Carolina Water Quality Revolving Fund Authority that was closed on June 25, 2009. This loan, to be repaid over a period of 20 years from utility system revenues, includes \$4 million at 0% interest and the balance of the loan at 3.5% interest for a total blended interest rate of 2.81%. The \$4 million at 0% interest was provided through the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds. In May 2010 the City of Florence issued approximately \$68 million in new revenue bonds for the next contract to continue the construction of the facility. To date the City has expended \$11,416,391 in engineering costs with \$1,942,296 being spent in FY 2011-12. The City expended \$73,064,856 on the construction of the facility to date with \$28,056,145 being expended in FY 2011-12. Additional details regarding the Wastewater Management Facility construction project are provided in the Transmittal Letter.

Stormwater Improvement Projects – The City continues to work to improve its storm drainage system through a variety of projects completed this year. The combined cost of these newly completed projects was \$50,268.





Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Florence's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$12,728,395, a decrease of \$3,261,385 in comparison with the prior year. Approximately 65 percent of this total amount (\$8,291,180) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, committed, or assigned, to indicate that it is 1) not in spendable form (\$290,808), 2) restricted for particular purposes (\$1,279,834), 3) committed for particular purposes (\$1,409,480), or 4) assigned for particular purposes (\$1,457,093). Additional information on the City's fund balances can be found at Note IV.G.

The general fund is the chief operating fund of the City of Florence. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,291,180, while total fund balance was \$9,338,104. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 29 percent of total general fund expenditures, while total fund balance represents 33 percent of that same amount.

The fund balance of the City's general fund decreased by \$561,158 during the current fiscal year. This decrease is a modest 5.67 percent decrease. The decrease in fund balance is due to less than anticipated revenues in the general fund particularly in property tax collections, business license revenues and intergovernmental revenues.

The Hospitality Fee Fund has a total fund balance of \$1,484,426, a decrease of \$2,242,408 from the prior year. Of this total, \$285,000 is assigned to construction projects. In FY 2011-12 the City completed construction of a downtown parking lot. The total cost of construction of the parking lot was \$1,752,399 with \$462,187 expended in FY 2011-12. The construction was paid for from Hospitality Fee funds and a 2010 General Obligation Bond Issue. The Hospitality Fund contributed \$99,604 toward the parking lot construction in FY 2011-12.

A Capital Projects Fund was created to account for the City's issuance of \$5.3 million in General Obligation Bonds for the construction and equipping of a new fire station and education center, new sanitation trucks, improvements to Levy Park, and the construction of a downtown parking lot. The total fund balance of \$4,920 is committed for these projects.

The General Fund Debt Service Fund is used to account for the collection of the debt service millage and the debt service payment for the City's general obligation debt. The current millage enacted by city council is 3.0 mills. The entire fund balance of \$431,976 is committed for the repayment of City's general obligation debt.

Proprietary funds. The City of Florence's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water and sewer operations and the stormwater operations at the end of the year amounted to \$25,586,627. The total growth in the net assets was \$9,634,086. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Florence's business-type activities.

General Fund Budgetary Highlights

City Council amended the General Fund budget on four separate occasions during the fiscal year 2011-12. As a result of these amendments the General Fund's final amended budget was \$431,600 greater than the original adopted budget. The following changes were made to the original budget:

- By an ordinance adopted on October 10, 2011 from Unappropriated Reserves was funded in the amount of \$659,600. These funds were appropriated as follows:
 - \$8,000 for computer equipment to be used by City Council
 - \$1,200 for computer equipment to be used by the City Attorney
 - \$6,500 for office furnishings in City Court
 - \$2,300 for computer equipment to be used by City Manager's Office
 - \$4,500 for computer equipment to be used by the Finance Department
 - \$4,500 for computer equipment to be used by Human Resources/Risk Management
 - \$12,000 for repairs to the North Region Police Station
 - \$19,900 for miscellaneous Police Department equipment
 - \$75,000 to provide for fire station renovations
 - \$8,200 for a rescue strut kit and rescue air bags for the Fire Department
 - \$21,800 for a brush chipper to be used by Beautification & Facility Maintenance
 - \$6,500 to replace a tire changing machine for Equipment Maintenance
 - \$900 to provide for miscellaneous tree and plant replacements for the Recreation Department
 - \$13,300 to provide funding for the Summer Youth Program for the Recreation Department
 - \$70,000 to replace 3 vehicles in the Recreation Department
 - \$16,000 to replace 2 mowers in the Recreation Department
 - \$54,000 to provide for electricity usage at the Tennis Center
 - \$6,000 to provide additional funding for Marketing and Promotions for the Athletic Department
 - \$11,300 to replace a backstop at Freedom Florence
 - \$20,000 for vehicle replacement in the Athletic Department
 - \$4,000 for trailer replacement in the Athletic Department
 - \$4,400 for facility improvements at Freedom Florence
 - \$40,300 for development of the City's Comprehensive Plan
 - \$10,000 for improvements to the Planning Department's office
 - \$2,100 for printers to be used by the Planning Department
 - \$91,500 to provide for lot clearing and demolition of abandoned structures
 - \$21,500 for City-County Complex projects not completed in the prior fiscal year

- \$50,000 to fund the Contingency Fund in the General Fund unanticipated projects
 - \$17,500 to provide for DHEC grant-funded tail system improvements
 - \$12,900 to provide matching funds for grant acquisition of land for trail and green space development
 - \$41,000 to provide additional funds for the Financial and HR management software conversion
 - \$2,500 to provide for special park events
- By an ordinance adopted on March 12, 2012 Miscellaneous Grants increased by \$101,000 to reflect a grant provided by the Drs. Bruce and Lee Foundation for additional capital expenditures at the Tennis Center and \$30,000 from Smoke Free Florence to provide funding for advertising and promotion of Smoke-Free Florence. Miscellaneous Revenues increased by \$72,000 for an insurance claim due to fire damage at Fire Station #3 and expenditures accounts relating to the repairs of the damages were increased by a total of \$72,000.
- By an ordinance adopted on March 12, 2012 the General Fund revenues were reduced by a net amount of \$591,000. The changes in the revenue accounts are as follows:
 - Property Taxes increased by \$20,500
 - Licenses and Fees decreased by \$385,000
 - Governmental Reimbursements decreased by \$79,000
 - Charges for Services decreased by \$19,500
 - Fines and Forfeitures decreased by \$160,000
 - Investment Earnings decreased by \$8,000
 - Miscellaneous Revenues increased by \$45,000
 - Transfers decreased by \$5,000
- Expenditures had a net decrease of \$591,000. Changes occurred in the following departments:
- City Council increased by \$2,060
 - City Court increased by 31,240
 - City Manager's Office decreased by \$225,120
 - Finance and Accounting decreased by \$41,770
 - HR/Risk Management decreased by \$7,020
 - Community Services decreased by \$33,910
 - Police Department decreased by \$300,940
 - Legal Department decreased by \$5,480
 - Fire Department decreased by \$14,480
 - Beautification and Facilities Maintenance increased by \$91,900
 - Sanitation Department decreased by \$86,510
 - Equipment Maintenance decreased by \$5,720
 - Recreation Department decreased by \$27,250
 - Athletics Department increased by \$1,010
 - Planning, Research, and Development increased by \$25,490
 - General Insurance/Claims increased by \$29,000
 - Community Programs decreased by \$45,000
 - Non-Departmental increased by \$21,500
- By an ordinance adopted on June 11, 2012 Miscellaneous Grants increased by \$160,000 from a grant provided by the Drs. Bruce and Lee Foundation for acquisition of property located in the downtown area.

Hospitality Fund Budgetary Highlights

City Council amended the Hospitality Fund budget on two separate occasions during fiscal year 2011-12. As a result of these amendments, the Hospitality Fund's final amended budgeted revenues and budgeted expenditures were \$610,000 greater than the original adopted budget. The first amendment for an increase of \$110,000 was for \$100,000 to complete the construction of the City's downtown parking lot and \$10,000 to be used for improvements at Timrod Park. The second amendment was for \$500,000 to be used as a partial prepayment of the 2006 Radio Drive/Veterans Park lease-purchase financing.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$230,331,428 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and infrastructure. The total increases in the City's investment in capital assets for the current fiscal year was \$37,477,936 (a 4.39 percent increase for governmental activities and a 15.21 percent increase for business-type activities).

Major capital asset events during the current year include the following:

- The purchase of property in the downtown area totaling \$160,000
- The Police Department purchased 17 new vehicles totaling \$446,734
- Repairs to 2 Fire Stations totaling \$100,430
- The Fire Department purchased a new fire truck totaling \$461,707
- The Fire Department purchased 3 thermal cameras totaling \$33,054
- The Fire Department purchased fire rescue and training equipment totaling \$14,789
- The Fire Department purchased a mobile classroom for \$19,292
- Beautification and Facilities Maintenance purchased 2 new vehicles totaling \$43,301
- Beautification and Facilities Maintenance purchased 2 mowers totaling \$19,637
- The downtown parking lot was completed for a total construction cost of \$1,752,399
- Streets contributed to the City through annexations totaling \$201,500
- The Recreation Department purchased 2 new mowers totaling \$19,637
- The completion of renovations at Levy Park totaling \$595,364
- Equipment purchased for the Florence Tennis Center totaling \$76,706
- The construction of the Florence Tennis facility was completed for a total cost of \$4,977,955
- The purchase of a new fuel tank monitoring system at Public Works for \$8,688
- Wastewater purchased a new vehicle for \$18,900
- Surface Water purchased a new vehicle for \$15,545
- Ground Water purchased a new generator for \$612,202
- Distribution Operations purchased 2 new vehicles totaling \$63,855
- Collections Operations purchased a new asphalt repair truck \$147,012
- The Water & Sewer Fund Construction in Process increased by approximately \$33.6 million. The majority of the increase is due to the construction of a new Regional Wastewater Management Facility.

City of Florence's Capital Assets (Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 6,323,002	\$ 6,323,002	\$ 1,787,205	\$ 1,733,596	\$ 8,110,207	\$ 8,056,598
Buildings and systems	7,699,092	6,146,563	100,481,893	104,275,897	108,180,985	110,422,460
Infrastructure	14,887,919	9,589,016	-	-	14,887,919	9,589,016
Machinery and equipment	5,077,033	5,200,266	1,547,166	1,641,368	6,624,199	6,841,634
Construction in process	153,552	6,556,729	92,374,566	58,682,430	92,528,118	65,239,159
Totals	\$ 34,140,598	\$ 33,815,576	\$ 196,190,830	\$ 166,333,291	\$ 230,331,428	\$ 200,148,867

Additional information on the City's capital assets can be found in note IV.C. beginning on page 49 of this report.

Long-term debt. At the end of the current fiscal year, the City of Florence had total bonded debt outstanding of \$110,345,124. This debt is backed by the full faith and credit of the government or specified revenue sources; the remainder of the Long-term Obligations comprises capital leases and notes payable.

**City of Florence's Long-Term Debt
Bonds, Notes and Leases Payable**

	Governmental activities		Business-type activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenue Bonds	\$ -	\$ -	\$ 105,252,219	\$ 109,375,650	\$ 105,252,219	\$ 109,375,650
General Obligation Bonds	5,092,905	5,345,000	-	-	5,092,905	5,345,000
Notes Payable	1,416,062	1,829,137	28,815,589	27,950,456	30,231,651	29,779,593
Capital Leases	8,265,421	9,563,108	-	-	8,265,421	9,563,108
Totals	\$ 14,774,388	\$ 16,737,245	\$ 134,067,808	\$ 137,326,106	\$ 148,842,196	\$ 154,063,351

The City's total debt decreased by \$5,221,155 (3.39 percent) during the current fiscal year.

The City of Florence maintains an "A+" rating from Standards & Poor's and an "Aa2" rating from Moody's for revenue obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City of \$12,760,578, exceeds the City of Florence's outstanding general obligation debt (net of amount available in debt service fund) of \$4,660,929 by \$8,099,649.

Additional information on the City of Florence's long-term debt can be found in note IV. E and F. beginning on page 51 of this report.

Economic Factors and Next Year's Budgets and Rates

In addition to the information provided below, a number of economic factors which can be found in the statistical section of this report were considered in preparing the City's budget for the 2013 fiscal year:

- Amounts available in FY 2012-13 for appropriation in the general fund are for \$29.200 million, a decrease of 2.18% from the FY 2011-12 final revised budget of \$29.646 million. The City's budget amendments were reviewed earlier in this report.
- In FY 2011-12 the City's total millage rate remained the same at 56.7 mills. The total millage includes 53.7 operating mills and 3.0 debt service mills.
- The Florence area experienced a 12% decrease in the unemployment rate from fiscal year 2011.

As for the City's business-type activities, we expect that the 2013 results will also improve based on the following:

- In January 2006 a regional water and sewer master plan was completed and presented to City Council for review. Based on the alternatives outlined in the Master Plan, Council decided that the City's wastewater treatment functions should be redeveloped at the existing site located off National Cemetery Road. City Council authorized staff to enter a contract for the preparation of a preliminary engineering report (PER) for the new facility. A financing plan was developed to include the implementation of a three-year phased increase in water and sewer rates and a one-time increase in related fees, including service fees, late charges, and reconnection fees. In June 2007, City Council adopted an ordinance implementing the three-year water and sewer rate increase. Other fees including service fees, late charges, and reconnection fees were also increased. Water and sewer tap fees were increased by an ordinance adopted by City Council in January 2008. Costs related to the facility are being financed through a low-interest rate state revolving fund loan and revenue bonds repaid through these rate and fee increases. During FY 2011-12 the City expended \$1,942,296 in engineering costs and a total of \$11,416,391 over the life of the project. The first construction contract for Phase 1 of the Florence Regional Wastewater Management Facility project was signed and construction began in FY 2009-10. The second contract was signed and construction began in FY 2010-11. The City expended

\$28,056,145 on the construction in FY 2011-12 and a total of \$73,064,856 over the life of the project. The Financing for this contract is being provided by a loan from the South Carolina Water Quality Revolving Fund Authority that was closed on June 25, 2009. This loan, to be repaid over a period of 20 years from utility system revenues, includes \$4 million at 0% interest and the balance of the loan at 3.5% interest for a total blended interest rate of 2.81%. The \$4 million at 0% interest was provided through the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds. In May 2010 the City issued approximately \$68 million in new revenue bonds for the second contract for construction of the new facility.

In response to the economic downturn, the City of Florence is continuing its commitment to closely monitor actual revenues against its projected revenues and controlling expenses. In FY 2011-12 the City of Florence revised revenue estimates and expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City of Florence's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Florence, City-County Complex BB, Florence South Carolina, 29501.

BASIC FINANCIAL STATEMENTS

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CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,719,507	\$ 5,422,323	\$ 14,141,830
Receivables	3,032,140	4,851,037	7,883,177
Inventories	290,808	377,923	668,731
Investments	4,864,275	21,048,426	25,912,701
Restricted cash and cash equivalents	181,552	24,845,999	25,027,551
Unamortized bond issuance costs	98,999	1,162,963	1,261,962
Deposit on equipment	11,000	-	11,000
Capital assets not being depreciated:			
Land	6,323,002	1,787,205	8,110,207
Construction in progress	153,552	92,374,566	92,528,118
Capital assets net of accumulated depreciation:			
Buildings and system	7,699,092	100,481,893	108,180,985
Machinery and equipment	5,077,033	1,547,166	6,624,199
Infrastructure	14,887,919	-	14,887,919
Total Assets	51,338,879	253,899,501	305,238,380
LIABILITIES			
Accounts payable	1,516,367	1,398,584	2,914,951
Retainage payable	-	3,178,426	3,178,426
Accrued interest payable	159,754	1,851,850	2,011,604
Other liabilities	874,084	177,569	1,051,653
Unearned revenue	1,860,710	-	1,860,710
Noncurrent liabilities:			
Due within one year	1,610,957	4,356,890	5,967,847
Due in more than one year	16,011,205	130,428,420	146,439,625
Total liabilities	22,033,077	141,391,739	163,424,816
NET ASSETS			
Invested in capital assets, net of related debt	19,429,425	82,021,447	101,450,872
Restricted			
Debt service	431,976	4,899,688	5,331,664
Special projects	847,858	-	847,858
Unrestricted	8,596,543	25,586,627	34,183,170
Total net assets	\$ 29,305,802	\$ 112,507,762	\$ 141,813,564

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 6,884,773	\$ 10,348,279	\$ 475,313	\$ 356,500
Public safety	15,342,743	1,153,990	687,988	-
Public works	5,527,026	1,751,449	-	-
Culture and recreation	5,223,822	434,692	588,042	-
Community development	1,097,686	97,887	1,220,290	-
Interest on long-term debt	672,883	-	-	-
Total governmental activities	<u>34,748,933</u>	<u>13,786,297</u>	<u>2,971,633</u>	<u>356,500</u>
Business-type activities				
Water and sewer	18,382,310	29,557,415	-	-
Stormwater	1,295,628	1,252,899	-	-
Total business-type activities	<u>19,677,938</u>	<u>30,810,314</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$54,426,871</u>	<u>\$ 44,596,611</u>	<u>\$ 2,971,633</u>	<u>\$ 356,500</u>

General revenues:

- Property taxes
- Hospitality taxes
- Unrestricted intergovernmental
- Investment earnings
- Gain on sale of assets
- Miscellaneous

Transfers

- Total general revenues and transfers
- Change in net assets
- Net assets - beginning
- Net assets - ending

The Notes to Financial Statements are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ 4,295,319	\$ -	\$ 4,295,319
(13,500,765)	-	(13,500,765)
(3,775,577)	-	(3,775,577)
(4,201,088)	-	(4,201,088)
220,491	-	220,491
(672,883)	-	(672,883)
<u>(17,634,503)</u>	<u>-</u>	<u>(17,634,503)</u>
-	11,175,105	11,175,105
-	(42,729)	(42,729)
<u>-</u>	<u>11,132,376</u>	<u>11,132,376</u>
<u>(17,634,503)</u>	<u>11,132,376</u>	<u>(6,502,127)</u>
9,401,312	-	9,401,312
3,092,529	-	3,092,529
728,643	-	728,643
20,686	50,539	71,225
355,108	5,314	360,422
149,837	965,858	1,115,695
2,520,001	(2,520,001)	-
<u>16,268,116</u>	<u>(1,498,290)</u>	<u>14,769,826</u>
<u>(1,366,387)</u>	<u>9,634,086</u>	<u>8,267,699</u>
<u>30,672,189</u>	<u>102,873,676</u>	<u>133,545,865</u>
<u>\$ 29,305,802</u>	<u>\$ 112,507,762</u>	<u>\$ 141,813,564</u>

**CITY OF FLORENCE, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,850,787	\$ 1,330,231	\$ 1,538,489	\$ 8,719,507
Receivables:				
Property taxes, less allowance for doubtful accounts	173,442	-	-	173,442
Due from other governmental agencies	2,264,755	-	322,501	2,587,256
Other	5,653	265,789	-	271,442
Due from other funds	192,733	-	-	192,733
Investments	4,318,356	272,989	272,930	4,864,275
Inventories	265,745	-	25,063	290,808
Restricted cash and cash equivalents	-	63,215	118,337	181,552
Total assets	<u>\$ 13,071,471</u>	<u>\$ 1,932,224</u>	<u>\$ 2,277,320</u>	<u>\$ 17,281,015</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 874,918	\$ 447,798	\$ 193,651	\$ 1,516,367
Due to other funds	50,000	-	142,733	192,733
Other liabilities	873,557	-	527	874,084
Deferred revenue	108,726	-	-	108,726
Unearned revenue	1,826,166	-	34,544	1,860,710
Total liabilities	<u>3,733,367</u>	<u>447,798</u>	<u>371,455</u>	<u>4,552,620</u>
Fund balances:				
Nonspendable	265,745	-	25,063	290,808
Restricted	-	-	1,279,834	1,279,834
Committed	-	808,512	600,968	1,409,480
Assigned	781,179	675,914	-	1,457,093
Unassigned	8,291,180	-	-	8,291,180
Total fund balances	<u>9,338,104</u>	<u>1,484,426</u>	<u>1,905,865</u>	<u>12,728,395</u>
Total liabilities and fund balances	<u>\$ 13,071,471</u>	<u>\$ 1,932,224</u>	<u>\$ 2,277,320</u>	<u>\$ 17,281,015</u>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total fund balances of governmental funds	\$ 12,728,395
Total net assets reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, reported at original cost (\$61,787,878) less accumulated depreciation (\$27,647,280).	34,140,598
Funds expended for deposit on capital assets are reported as capital outlay in the fund financial statements.	11,000
Unamortized loan costs used in governmental activities are not financial resources and, therefore, are not recognized in the funds.	98,999
Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. However, the revenues are included on the accrual basis used in the government-wide statements.	108,726
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(17,781,916)</u>
Total net assets of total governmental activities	<u><u>\$ 29,305,802</u></u>

The Notes to Financial Statements are an integral part of these financial statements.

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General Fund	Hospitality Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 8,928,598	\$ -	\$ 470,911	\$ 9,399,509
Licenses, permits and fees	10,318,699	3,092,529	-	13,411,228
Intergovernmental	2,061,473	-	1,728,683	3,790,156
Charges for services	2,030,490	-	128,676	2,159,166
Fines and forfeitures	692,526	-	-	692,526
Investment earnings	14,461	2,966	3,262	20,689
Miscellaneous	232,723	-	443,136	675,859
Total revenues	24,278,970	3,095,495	2,774,668	30,149,133
EXPENDITURES				
Current:				
General government	5,862,010	680,836	233,338	6,776,184
Public safety	13,988,854	-	143,181	14,132,035
Public works	4,699,514	-	-	4,699,514
Culture and recreation	2,771,830	1,554,350	475,457	4,801,637
Community development	-	-	1,097,686	1,097,686
Debt service:				
Principal	314,981	1,645,798	397,683	2,358,462
Interest	16,505	393,224	202,603	612,332
Capital outlay	1,008,006	361,695	550,676	1,920,377
Total expenditures	28,661,700	4,635,903	3,100,624	36,398,227
Deficiency of revenues over expenditures	(4,382,730)	(1,540,408)	(325,956)	(6,249,094)
OTHER FINANCING SOURCES (USES)				
Capital leases	395,606	-	-	395,606
Insurance proceeds	72,102	-	-	72,102
Transfers in	3,353,864	-	-	3,353,864
Transfers out	-	(702,000)	(131,863)	(833,863)
Total other financing sources and uses	3,821,572	(702,000)	(131,863)	2,987,709
Net change in fund balances	(561,158)	(2,242,408)	(457,819)	(3,261,385)
Fund balances - beginning	9,899,262	3,726,834	2,363,684	15,989,780
Fund balances - ending	\$ 9,338,104	\$ 1,484,426	\$ 1,905,865	\$ 12,728,395

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Net change in fund balances of total governmental funds:	\$ (3,261,385)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditure. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlay exceeded depreciation in the current period.	(386,585)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	711,608
Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net assets. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide statement of net assets.	1,962,856
Governmental funds do not report amounts not received within 60 days of year end as revenue. However, in the statement of activities, amounts are recorded as revenue when earned.	1,803
Governmental funds report debt issuance cost as an expenditure. However, in the statement of activities, this cost is allocated over the life of the debt and reported as amortization expense. This amount represents current debt issuance costs net of amortization of debt issuance costs.	(9,096)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(385,588)</u>
Change in net assets of governmental activities	<u>\$ (1,366,387)</u>

The Notes to Financial Statements are an integral part of these financial statements.

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 9,455,000	\$ 9,475,500	\$ 8,928,598	\$ (546,902)
Licenses, permits and fees	11,070,000	10,685,000	10,318,699	(366,301)
Intergovernmental	1,989,000	2,201,000	2,061,473	(139,527)
Charges for services	1,901,000	1,881,500	2,030,490	148,990
Fines and forfeitures	779,000	619,000	692,526	73,526
Investment earnings	20,000	12,000	14,461	2,461
Miscellaneous	125,000	242,000	232,723	(9,277)
Total revenues	<u>25,339,000</u>	<u>25,116,000</u>	<u>24,278,970</u>	<u>(837,030)</u>
EXPENDITURES				
Current:				
General government	6,283,590	6,385,760	5,862,010	(523,750)
Public safety	14,244,760	13,891,180	13,988,854	97,674
Public works	4,635,920	4,713,090	4,699,514	(13,576)
Culture and recreation	2,622,780	2,712,740	2,771,830	59,090
Debt Service:				
Principal	-	-	314,981	314,981
Interest	-	-	16,505	16,505
Capital Outlay	925,850	1,441,730	1,008,006	(433,724)
Total expenditures	<u>28,712,900</u>	<u>29,144,500</u>	<u>28,661,700</u>	<u>(482,800)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,373,900)</u>	<u>(4,028,500)</u>	<u>(4,382,730)</u>	<u>(354,230)</u>
OTHER FINANCING SOURCES (USES)				
Capital leases	-	-	395,606	395,606
Insurance proceeds	-	-	72,102	72,102
Transfers in	2,859,900	2,854,900	3,353,864	498,964
Appropriation of fund balance	514,000	1,173,600	-	(1,173,600)
Total other financing sources and uses	<u>3,373,900</u>	<u>4,028,500</u>	<u>3,821,572</u>	<u>(206,928)</u>
Net change in fund balances	-	-	(561,158)	(561,158)
Fund balances - beginning	<u>9,899,262</u>	<u>9,899,262</u>	<u>9,899,262</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,899,262</u>	<u>\$ 9,899,262</u>	<u>\$ 9,338,104</u>	<u>\$ (561,158)</u>

The Notes to Financial Statements are an integral part of these financial statements.

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
HOSPITALITY FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and fees	\$ 2,995,000	\$ 2,998,000	\$ 3,092,529	\$ 94,529
Investment earnings	5,000	2,000	2,966	966
Miscellaneous	500,000	500,000	-	(500,000)
Total revenues	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,095,495</u>	<u>(404,505)</u>
EXPENDITURES				
Current:				
General government	1,407,500	1,407,500	680,836	(726,664)
Culture and recreation	40,000	40,000	1,554,350	1,514,350
Debt Service:				
Principal	1,360,500	1,647,500	1,645,798	(1,702)
Interest	-	370,000	393,224	23,224
Capital Outlay	250,000	400,000	361,695	(38,305)
Total expenditures	<u>3,058,000</u>	<u>3,865,000</u>	<u>4,635,903</u>	<u>770,903</u>
Excess (deficiency) of revenues over expenditures	<u>442,000</u>	<u>(365,000)</u>	<u>(1,540,408)</u>	<u>(1,175,408)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(702,000)	(702,000)	(702,000)	-
Appropriation of fund balance	260,000	1,067,000	-	(1,067,000)
Total other financing sources and uses	<u>(442,000)</u>	<u>365,000</u>	<u>(702,000)</u>	<u>(1,067,000)</u>
Net change in fund balances	-	-	(2,242,408)	(2,242,408)
Fund balance at beginning of year	<u>3,726,834</u>	<u>3,726,834</u>	<u>3,726,834</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 3,726,834</u></u>	<u><u>\$ 3,726,834</u></u>	<u><u>\$ 1,484,426</u></u>	<u><u>\$ (2,242,408)</u></u>

The Notes to Financial Statements are an integral part of these financial statements.

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Stormwater Utility Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,746,989	\$ 675,334	\$ 5,422,323
Accounts receivable, net	4,392,306	103,558	4,495,864
Other receivables	355,173	-	355,173
Investments	20,406,713	641,713	21,048,426
Inventories	377,923	-	377,923
Total current assets	30,279,104	1,420,605	31,699,709
Noncurrent assets:			
Restricted cash and cash equivalents	24,798,113	47,886	24,845,999
Unamortized bond issue costs	1,143,297	19,666	1,162,963
Capital assets			
Land	1,381,697	405,508	1,787,205
Buildings and system	153,910,429	7,137,087	161,047,516
Construction in progress	92,355,565	19,001	92,374,566
Machinery and equipment	6,475,714	707,906	7,183,620
Less accumulated depreciation	(62,306,943)	(3,895,134)	(66,202,077)
Total capital assets (net of accumulated depreciation)	191,816,462	4,374,368	196,190,830
Total noncurrent assets	217,757,872	4,441,920	222,199,792
Total assets	248,036,976	5,862,525	253,899,501
LIABILITIES			
Current liabilities:			
Accounts payable	1,371,706	26,878	1,398,584
Retainage payable	3,168,515	9,911	3,178,426
Accrued interest	1,845,910	5,940	1,851,850
Other liabilities	159,634	17,935	177,569
Compensated absences - current	30,000	3,000	33,000
Notes payable - current	1,330,890	-	1,330,890
Revenue bonds payable - current	2,743,000	250,000	2,993,000
Total current liabilities	10,649,655	313,664	10,963,319
Noncurrent liabilities:			
Accrued compensated absences	629,711	54,791	684,502
Notes payable	27,484,699	-	27,484,699
Revenue bonds payable	99,118,000	2,440,000	101,558,000
Unamortized bond premium	701,219	-	701,219
Total noncurrent liabilities	127,933,629	2,494,791	130,428,420
Total liabilities	138,583,284	2,808,455	141,391,739
NET ASSETS			
Invested in capital assets, net of related debt	80,337,079	1,684,368	82,021,447
Restricted for debt service	4,899,688	-	4,899,688
Unrestricted	24,216,925	1,369,702	25,586,627
Total net assets	\$ 109,453,692	\$ 3,054,070	\$ 112,507,762

The Notes to Financial Statements are an integral part of these financial statements.

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewer Fund	Non-Major Fund Stormwater Utility Fund	Total
OPERATING REVENUES			
Current use charges	\$ 29,010,429	\$ -	\$ 29,010,429
Miscellaneous	875,984	89,874	965,858
Water and sewer tap fees	546,986	-	546,986
Stormwater service fees	-	1,252,899	1,252,899
Total operating revenues	<u>30,433,399</u>	<u>1,342,773</u>	<u>31,776,172</u>
OPERATING EXPENSES			
Personnel	4,202,608	288,388	4,490,996
Employee benefits	1,611,632	110,803	1,722,435
Purchased services	4,561,373	241,216	4,802,589
Supplies and materials	1,234,798	12,258	1,247,056
Other operating expenses	829,172	17,128	846,300
Depreciation and amortization	4,510,747	528,322	5,039,069
Total operating expenses	<u>16,950,330</u>	<u>1,198,115</u>	<u>18,148,445</u>
OPERATING INCOME	<u>13,483,069</u>	<u>144,658</u>	<u>13,627,727</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	48,234	2,305	50,539
Gain on disposal of assets	5,314	-	5,314
Interest expense	(1,431,980)	(97,513)	(1,529,493)
Total nonoperating revenues (expenses)	<u>(1,378,432)</u>	<u>(95,208)</u>	<u>(1,473,640)</u>
INCOME BEFORE TRANSFERS	<u>12,104,637</u>	<u>49,450</u>	<u>12,154,087</u>
TRANSFERS			
Transfers in (out)	(2,605,375)	85,374	(2,520,001)
Total transfers	<u>(2,605,375)</u>	<u>85,374</u>	<u>(2,520,001)</u>
CHANGE IN NET ASSETS	9,499,262	134,824	9,634,086
TOTAL NET ASSETS - BEGINNING	<u>99,954,430</u>	<u>2,919,246</u>	<u>102,873,676</u>
TOTAL NET ASSETS - ENDING	<u>\$ 109,453,692</u>	<u>\$ 3,054,070</u>	<u>\$ 112,507,762</u>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

Page 1 of 2

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water & Sewer Fund	Stormwater Utility Fund	
Cash flows from operating activities			
Receipts from customers and users	\$ 29,683,114	\$ 1,360,701	\$ 31,043,815
Payments to employees for services	(4,158,388)	(274,194)	(4,432,582)
Payments to suppliers for goods and services	(13,761,988)	(362,199)	(14,124,187)
Other receipts	875,984	89,874	965,858
Net cash provided by operating activities	<u>12,638,722</u>	<u>814,182</u>	<u>13,452,904</u>
Cash flows from noncapital financing activities			
Transfers in (out)	<u>(2,605,375)</u>	<u>85,374</u>	<u>(2,520,001)</u>
Net cash provided by (used in) noncapital financing activities	<u>(2,605,375)</u>	<u>85,374</u>	<u>(2,520,001)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(34,730,942)	(57,432)	(34,788,374)
Bond issuance cost	(34,001)	(7,500)	(41,501)
Proceeds from sale of capital assets	18,408	-	18,408
Principal payments on revenue bonds and notes	(10,396,741)	(240,000)	(10,636,741)
Proceeds from issuance of bonds and notes	7,427,874	-	7,427,874
Interest on bonds and notes	<u>(1,604,194)</u>	<u>(101,679)</u>	<u>(1,705,873)</u>
Net cash used in capital and related financing activities	<u>(39,319,596)</u>	<u>(406,611)</u>	<u>(39,726,207)</u>
Cash flows from investing activities			
Investment purchases	(5,681,680)	(223,551)	(5,905,231)
Investment sales	222,257	-	222,257
Investment income	<u>48,234</u>	<u>2,305</u>	<u>50,539</u>
Net cash used in investing activities	<u>(5,411,189)</u>	<u>(221,246)</u>	<u>(5,632,435)</u>
Net increase (decrease) in cash and cash equivalents	(34,697,438)	271,699	(34,425,739)
Cash and cash equivalents at beginning of year	<u>64,242,540</u>	<u>451,521</u>	<u>64,694,061</u>
Cash and cash equivalents at end of year	<u>\$ 29,545,102</u>	<u>\$ 723,220</u>	<u>\$ 30,268,322</u>
Reconciliation to Statement of Net Assets:			
Cash and cash equivalent - current	\$ 4,746,989	\$ 675,334	\$ 5,422,323
Restricted cash and cash equivalent - noncurrent	<u>24,798,113</u>	<u>47,886</u>	<u>24,845,999</u>
Total cash and cash equivalents	<u>\$ 29,545,102</u>	<u>\$ 723,220</u>	<u>\$ 30,268,322</u>

(Continued)

**CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

Page 2 of 2

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	
	Water & Sewer Fund	Stormwater Utility Fund	Total
Reconciliation of operating income to cash flow provided by operating activities:			
Operating income	\$ 13,483,069	\$ 144,658	\$ 13,627,727
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	4,392,074	526,443	4,918,517
Amortization	118,673	1,879	120,552
(Increase) decrease in:			
Receivables	211,764	48,996	260,760
Due from other fund	-	58,806	58,806
Inventories	(27,591)	-	(27,591)
Increase (decrease) in:			
Accounts payable	(8,665,937)	9,295	(8,656,642)
Retainage payable	3,168,515	9,911	3,178,426
Accrued expenses	25,522	8,881	34,403
Due to other fund	(58,806)	-	(58,806)
Compensated absences	18,698	5,313	24,011
Customer deposits	(27,259)	-	(27,259)
Cash flow from operating activities	<u>\$ 12,638,722</u>	<u>\$ 814,182</u>	<u>\$ 13,452,904</u>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2012**

Assets

Cash and cash equivalents	\$ 376,588
Investments	<u>59,992</u>

Total assets	<u><u>\$ 436,580</u></u>
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Liabilities

Due to others	<u>\$ 436,580</u>
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Total liabilities	<u><u>\$ 436,580</u></u>
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The Notes to Financial Statements are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

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**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Florence, South Carolina conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standards setting body for governmental accounting and financial reporting. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Chartered in 1890, the City of Florence operates under a council-manager form of government and provides the following services: public safety, streets, sanitation, culture and recreation, planning and zoning, public improvements, water and sewer, and general administrative services.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Codification Section 2100 have been considered, and there are no agencies or entities which should be presented with the City.

The City is responsible for appointing the members of the board of the Housing Authority of Florence, but the City's accountability for this organization does not extend beyond making appointments.

The City is a participant with Florence County in a joint venture to operate the Florence City-County Civic Center. Both the City and County contributed \$389,500 as its share of the debt-service of the Civic Center. Any additional funding shortfall is to be paid equally by the City and County. The Civic Center Commission is comprised of nine members, four appointed by the City, four appointed by the County, and one by the members of the Commission. Neither of the participating governments have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements. Complete financial statements for the Florence City-County Civic Center can be obtained from the Director at 3300 West Radio Drive, Florence, South Carolina 29501.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

the fund financial statements. Non-major funds are summarized into a single column. The various fund categories and fund types presented in the financial statements are described below:

Governmental fund types

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for specified purposes. The funds consist of Hospitality, Housing Partnership, HOME Program, Community Development Block Grant, Rollcart and Equipment Replacement, E-911, Victims Services, Drug Control, Federal Equitable Sharing, Tobacco/Alcohol Compliance, BJA Grant, NSP Grant, Accommodation Tax, DOJ Grant, Recreation Registration, Public Safety Grants, NSP-3 Grant, JAG Grant 2010, and JAG Grant 2011.

Capital Projects Fund – The Capital Projects Fund is used to account for the proceeds of bond indebtedness received specifically for capital improvements.

Debt Service Fund - The Debt Service Fund is a governmental fund that is used to account for funds needed to make principal and interest payments on outstanding debt issues.

Proprietary fund types

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These funds consist of Water and Sewer Utilities and Stormwater Utility Funds.

Fiduciary fund types

Agency Funds – Agency Funds are used to account for assets held by the City as an agent for individuals and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds consist of Court Escrow, Fire Trust, Veterans Park Development, Narcotics Holding Funds, and Florence Area Humane Society.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities which are presented as internal balances and eliminated in the total column. Interfund services provided and used are not eliminated. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Taxpayer-assessed property taxes and other sources of funds are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time or if they are collected within 60 days of year end. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds: *General Fund*. This fund is the City's primary operating fund. It accounts for all financial resources of the general government except those to be accounted for in another fund: *Hospitality Fund*. This fund is used to account for funds received for tourism programs.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major enterprise fund: *Water and Sewer*. This fund is used to account for transactions relating to the operations of the City water and sewer system.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and investments

Cash and cash equivalents, as reported in the statement of cash flows, includes checking accounts, money market accounts, and certificates of deposits with an original maturity of three months or less. The City is authorized to invest in obligations of the U.S. Treasury and U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposit, and the state treasurer's investment pool.

All investments are reported at fair value. The fair value of U.S. Government securities is based on sales prices or bid-and-asked quotations on national securities exchanges or in the over-the-counter market. The City owns no identifiable securities, but is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax and accounts receivable are shown net of an allowance for uncollectibles.

3. Inventory

Inventory is valued at cost, which approximates market, using the average cost method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Inventory in the General Fund and in the Enterprise Fund consists of supplies held for consumption.

4. Restricted assets

Certain proceeds of the City's Governmental Fund and Enterprise Fund capital lease and revenue bond debt are classified as restricted assets on the statement of net assets because they represent unspent proceeds of capital debt or debt service reserve funds. Unspent grant funds received in the governmental funds are also classified as restricted assets in the statement of net assets.

5. Capital assets

Governmental Funds

Capital outlays are recorded as expenditures on the governmental fund financial statements and as assets on the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 for equipment and site improvements, \$15,000 for buildings and building improvements, and \$50,000 for infrastructure is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Management estimates historical cost when necessary. Donated assets are valued at their fair value on the date donated.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Capital assets (Continued)

Proprietary Fund Types

Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis. Capital assets are stated at cost or estimated original cost based on management estimates net of accumulated depreciation. Donated capital assets are recorded at their fair value at the date of receipt. Repairs and maintenance are charged to expense when incurred. When capital assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated, and a gain or loss is recognized.

Interest costs are capitalized as a part of the historical cost of acquiring certain business-type activity assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Interest on the proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The City capitalized \$2,875,901 in interest costs on construction projects during the year ended June 30, 2012. Total interest incurred was \$4,595,711, which was offset by Build America Bonds credits of \$1,442,973 and interest income of \$276,837 to arrive at interest capitalized.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives:

Buildings and system	3-60 years
Machinery and equipment	3-20 years
Infrastructure	10-30 years

6. Deferred and unearned revenues

Deferred revenues in the General Fund represent receivables expected to be collected later than 60 days after the end of the fiscal year. Unearned revenues in the General Fund represent local option sales taxes collected in the current year, but used to reduce property taxes in the subsequent year. Unearned revenues in the Special Revenue Fund represent money received in advance for a project or grant in which the expenditure will be made in a subsequent year.

7. Property taxes

City of Florence millage rates are set each year by the City Council as part of the annual budgeting process. Following a public hearing and two readings of a budget ordinance, the City's annual budget is adopted and millage rate set to become effective on July 1.

Assessed values are established by the Florence County Tax Assessor and the South Carolina Department of Revenue and were approximately \$159.5 million for the 2011 tax year. The City's property tax rate for fiscal year 2012 was 56.7 mills (operating 53.7, debt service 3.0). Property taxes are billed and collected by Florence County under a joint billing and collection agreement.

All property taxes, with the exception of vehicle taxes, are mailed in October of each year and are levied on the assessed value established as of the prior January 1. The lien date is December 31 of each year. These property taxes are due and payable by January 15 of each year. A 3% penalty is assessed on unpaid taxes on January 16. On February 2, unpaid taxes are assessed an additional 7% for a total of 10%. On March 17, unpaid taxes are assessed an additional 5% for a total of 15%, and additional collection costs are added. Unpaid delinquent property taxes for real property and mobile homes may be subject to collection through a public property sale by Florence County.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Property taxes (Continued)

Vehicle property tax notices are mailed monthly and are due and payable in conjunction with vehicle registration through the Motor Vehicle Division of the South Carolina Department of Transportation. Payment of vehicle property tax is required as a condition of annual vehicle registration with the Motor Vehicle Division of the Department of Transportation.

8. Compensated absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave which will be paid to employees upon separation from City's service. Accumulated unpaid vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements.

9. Long-term obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the straight-line method which approximates the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Net assets/fund equity

Government-wide Statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – Consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

10. Net assets/fund equity (Continued)

Fund Statements

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

Nonspendable — The nonspendable fund balance category includes amounts that cannot be spent because they are either not in spendable form, such as supplies inventories, or are legally or contractually required to be maintained intact, such as principal donated to the City to be invested and held in a permanent fund from which only the investment earnings can be spent. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted — Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed — The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned — Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council. The City Manager is authorized to assign fund balances.

Unassigned — Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

11. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Accrued interest payable	\$ (159,754)
Capital leases payable	(8,265,421)
Notes payable	(1,416,062)
General obligation bonds payable	(5,092,905)
Compensated absences	<u>(2,847,774)</u>
 Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	 <u>\$ (17,781,916)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$386,585 difference are as follows:

Capital outlay	\$ 1,920,377
Depreciation expense	<u>(2,306,962)</u>
 Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (386,585)</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities
(Continued)

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this \$711,608 difference are as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (44,892)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	356,500
The statement of activities reports gains and losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on the trade-in of capital assets.	<u>400,000</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 711,608</u>

Another element of that reconciliation states that "Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net assets. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide statement of net assets." The detail of this \$1,962,856 difference is as follows:

Capital lease proceeds	\$ (395,606)
Payment of long-term debt principal	<u>2,358,462</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,962,856</u>

Another element of that reconciliation states that "Governmental funds report debt issuance cost as expenditures. However, in the statement of activities, this cost is allocated over the term of the debt and reported as amortization expense." The detail of this \$9,096 difference is as follows:

Bond issue costs	\$ -
Amortization expense	<u>(9,096)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (9,096)</u>

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities
(Continued)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences - current year	\$ (2,847,774)
Compensated absences - prior year	2,522,737
Accrued interest - current year accrual	(159,754)
Accrued interest - prior year accrual	<u>99,203</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u><u>\$ (385,588)</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Hospitality Fund, and Enterprise Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Legal budgets are adopted only for the General Fund, Hospitality Fund, and Enterprise Funds. Thus, the budgetary financial statements included in this report do not include non-budgeted Special Revenue Funds or Agency Funds.
2. The City Council approves, by ordinance, total budget appropriations only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (general government, capital outlay, etc.).
3. Unused appropriations for all the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the original amounts and the final authorized amounts as revised during the year.

There are a number of limitations and restrictions contained in the various bond indentures in the Enterprise Fund. The City is in compliance with all significant limitations and restrictions.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2012, expenditures exceeded appropriations in the Hospitality Fund by \$770,903. The excess expenditures were due to a change in the process by which the Civic Center operating deficits are being funded. The process changed from annual funding to periodic funding during the operating period. The excess expenditures in the Hospitality Fund were covered by available fund balance in the fund.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's policy requires deposits to be secured by collateral, obligations of the U.S. Treasury and U.S. Agencies and instrumentalities, State of South Carolina, or South Carolina local governments, valued at market or par, whichever is lower, less the amount of insurance (FDIC). Deposits held above the FDIC insurance are held in non-interest bearing transaction accounts. Effective December 21, 2010 through December 31, 2012 all funds in a "non-interest bearing transaction account" are insured in full by the FDIC. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules.

Restricted cash of \$181,552 at June 30, 2012, in the Governmental Funds includes \$63,215 of unspent proceeds of capital leases to be used for the purchase and construction of capital assets and \$118,337 of grant funds. Restricted cash of \$24,845,999 in the Enterprise Fund includes \$19,898,425 of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

In February 2012, the City awarded its cash management contract to Wells Fargo Bank for the next five years.

Investments

As of June 30, 2012, the City had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities</u> (in years)		<u>Credit Ratings</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	
South Carolina Local Government Investment Pool	<u>\$ 25,912,701</u>	<u>\$25,912,701</u>	<u>\$ -</u>	N/A

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than three years.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held by a third-party custodian in the name of the City. As a result, as of June 30, 2012, none of the City's investments are exposed to custodial credit risk.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Concentrations of Credit Risk

The City places no limit on the amount that the City may be invested in any one issuer or type of investment. Credit quality distribution for securities with credit exposure as a percentage of total investments are as follows. As of June 30, 2012, all of the City's investments were with the South Carolina Local Government Investment Pool which is exempt from risk categorization because third-party custodians take delivery of the investment securities. South Carolina Local Government Investment Pool is exempt from registration with the SEC under regulatory oversight. The City owns no identifiable securities, but is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

Credit Risk

The City is authorized to invest in obligations of the U.S. Treasury and U.S. agencies and instrumentalities, repurchase agreements, certificates of deposit, and the state treasurer's investment pool. As of June 30, 2012, none of the City's investments are exposed to credit risk.

B. Receivables

Receivables as of June 30, 2012, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Hospitality</u>	<u>Non-Major</u>	<u>Water and Sewer</u>	<u>Stormwater Utility</u>
Accounts	\$ -	\$ -	\$ -	\$ 4,479,657	\$ 105,613
Taxes	223,976	-	-	-	-
Intergovernmental	2,264,755	-	322,501	-	-
Other	<u>5,653</u>	<u>265,789</u>	<u>-</u>	<u>355,173</u>	<u>-</u>
Gross receivables	2,494,384	265,789	322,501	4,834,830	105,613
Less allowance for uncollectibles	<u>(50,534)</u>	<u>-</u>	<u>-</u>	<u>(87,351)</u>	<u>(2,055)</u>
	<u>\$ 2,443,850</u>	<u>\$ 265,789</u>	<u>\$ 322,501</u>	<u>\$ 4,747,479</u>	<u>\$ 103,558</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2012, the various components of deferred revenue and unearned revenue in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 108,726	\$ -
Grant drawdowns prior to meeting eligibility requirements - recreation	-	54,720
Local option sales tax receivable	<u>-</u>	<u>1,805,990</u>
	<u>\$ 108,726</u>	<u>\$ 1,860,710</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

A summary of the changes in the City's capital assets for governmental activities is as follows:

	Balances June 30, 2011	Increases	Decreases	Transfers	Balances June 30, 2012
Capital assets not being depreciated:					
Land	\$ 6,323,002	\$ -	\$ -	\$ -	\$ 6,323,002
Construction in progress	6,556,729	889,727	-	(7,292,904)	153,552
Total capital assets not being depreciated	<u>12,879,731</u>	<u>889,727</u>	<u>-</u>	<u>(7,292,904)</u>	<u>6,476,554</u>
Capital assets being depreciated:					
Buildings	9,203,396	279,722	7,000	1,489,982	10,966,100
Infrastructure	20,128,050	207,782	96,994	5,802,922	26,041,760
Machinery and equipment	18,732,831	1,299,645	1,729,012	-	18,303,464
Total capital assets being depreciated	<u>48,064,277</u>	<u>1,787,149</u>	<u>1,833,006</u>	<u>7,292,904</u>	<u>55,311,324</u>
Less accumulated depreciation for:					
Buildings	3,056,833	217,175	7,000	-	3,267,008
Infrastructure	10,539,034	711,801	96,994	-	11,153,841
Machinery and equipment	13,532,565	1,377,986	1,684,120	-	13,226,431
Total accumulated depreciation	<u>27,128,432</u>	<u>2,306,962</u>	<u>1,788,114</u>	<u>-</u>	<u>27,647,280</u>
Total capital assets being depreciated, net	<u>20,935,845</u>	<u>(519,813)</u>	<u>44,892</u>	<u>7,292,904</u>	<u>27,664,044</u>
Governmental activities capital assets, net	<u>\$ 33,815,576</u>	<u>\$ 369,914</u>	<u>\$ 44,892</u>	<u>\$ -</u>	<u>\$ 34,140,598</u>

Included in additions are capital contributions in the amount of \$356,500, which includes \$201,500 in infrastructure and \$155,000 in fixtures, included in machinery and equipment.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

A summary of the City's capital assets for business-type activities is as follows:

	Balances June 30, 2011	Increases	Decreases	Transfers	Balances June 30, 2012
Capital assets not being depreciated:					
Land	\$ 1,733,596	\$ 53,609	\$ -	\$ -	\$ 1,787,205
Construction in progress	58,682,430	34,432,248	11,900	(728,212)	92,374,566
 Total capital assets not being depreciated	 60,416,026	 34,485,857	 11,900	 (728,212)	 94,161,771
Capital assets being depreciated:					
Buildings and system	160,418,408	-	99,104	728,212	161,047,516
Machinery and equipment	7,934,276	315,203	1,065,859	-	7,183,620
 Total capital assets being depreciated	 168,352,684	 315,203	 1,164,963	 728,212	 168,231,136
Less accumulated depreciation for:					
Buildings and system	56,142,511	4,519,620	96,508	-	60,565,623
Machinery and equipment	6,292,908	398,897	1,055,351	-	5,636,454
 Total accumulated depreciation	 62,435,419	 4,918,517	 1,151,859	 -	 66,202,077
 Total capital assets being depreciated, net	 105,917,265	 (4,603,314)	 13,104	 728,212	 102,029,059
 Business-type activities capital assets, net	 \$ 166,333,291	 \$ 29,882,543	 \$ 25,004	 \$ -	 \$ 196,190,830

Depreciation expense was charged to functions/programs as follows:

Governmental Activities		
General government		\$ 98,522
Public safety		1,062,664
Public works		750,561
Culture and recreation		395,215
 Total depreciation - governmental activities		 \$ 2,306,962
Business-Type Activities		
Water and sewer		\$ 4,392,074
Stormwater		526,443
 Total depreciation - business-type activities		 \$ 4,918,517

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2012, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 192,733	\$ 50,000
Nonmajor governmental	-	142,733
	<u> </u>	<u> </u>
Total	<u>\$ 192,733</u>	<u>\$ 192,733</u>

The balances are for reimbursable expenditures and will be paid within 30 days.

Interfund transfers for the year ended June 30, 2012, are as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 3,353,864	\$ -
Hospitality Fund	-	702,000
Nonmajor governmental funds	-	131,863
	<u> </u>	<u> </u>
Total governmental funds	<u>3,353,864</u>	<u>833,863</u>
Water and Sewer Enterprise Fund	-	2,605,375
Nonmajor enterprise fund	85,374	-
	<u> </u>	<u> </u>
Total enterprise funds	<u>85,374</u>	<u>2,605,375</u>
Total transfers	<u>\$ 3,439,238</u>	<u>\$ 3,439,238</u>

The transfers consist primarily of \$2,605,375 to General Fund from Water and Sewer Enterprise Fund and \$702,000 to General Fund from Hospitality Fund based on budgetary authorization.

E. Capital Leases

The City has entered into lease purchase agreements to fund the purchase of vehicles for the police and fire departments, construction of Veterans Memorial Park, improvements to Radio Drive, and the construction of the Tennis Center. The book value of assets acquired under capital leases are as follows:

Machinery & Equipment	\$ 2,815,398
Buildings	1,489,982
Infrastructure	9,183,874
Less: Accumulated Depreciation	<u>(1,815,519)</u>
Total	<u>\$ 11,673,735</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Capital Leases (Continued)

The future minimum lease obligations and the net present value of these lease payments at June 30, 2012, were as follows:

Years Ending June 30,

2013	\$ 1,396,771
2014	1,151,335
2015	911,335
2016	806,030
2017	806,030
2018-2022	3,783,813
2023-2025	1,136,587
	9,991,901
Less amount representing interest	1,726,480
	\$ 8,265,421

F. Long-Term Debt

A summary of the changes in long-term liabilities for the year ended June 30, 2012, is as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
<u>Governmental Activities</u>					
General obligations					
bonds	\$ 5,345,000	\$ -	\$ 252,095	\$ 5,092,905	\$ 264,807
Capital leases	9,563,108	395,606	1,693,293	8,265,421	1,102,292
Notes payable	1,829,137	-	413,075	1,416,062	143,858
Compensated absences	2,522,737	1,353,311	1,028,274	2,847,774	100,000
	\$ 19,259,982	\$ 1,748,917	\$ 3,386,737	\$ 17,622,162	\$ 1,610,957
<u>Business-Type Activities</u>					
Revenue Bonds					
Water and sewer	\$ 105,695,000	\$ 4,926,000	\$ 8,760,000	\$ 101,861,000	\$ 2,743,000
Stormwater	2,930,000	-	240,000	2,690,000	250,000
Less deferred amounts					
Bond premium	750,650	-	49,431	701,219	-
Total bonds payable	109,375,650	4,926,000	9,049,431	105,252,219	2,993,000
Notes payable					
Water and sewer	27,950,456	2,501,874	1,636,741	28,815,589	1,330,890
Compensated absences					
Water and sewer	641,013	435,412	416,714	659,711	30,000
Stormwater	52,478	28,731	23,418	57,791	3,000
	\$ 138,019,597	\$ 7,892,017	\$ 11,126,304	\$ 134,785,310	\$ 4,356,890

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Notes payable in the governmental activities are not general obligations of the City. Repayment is budgeted in the General Fund and Special Revenue Fund. For governmental activities, compensated absences are liquidated by the General Fund, and capital leases are liquidated by the General Fund and Special Revenue Fund. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

Bond and notes payable from governmental activities at June 30, 2012, are as follows:

In August 2010, the City issued a \$5,345,000 General Obligation Bond. The bond is for capital improvements, equipment purchases, and related issuance costs. The bond has a 3.16% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures September 30, 2026.	<u>\$ 5,092,905</u>
In June 2008, the City borrowed \$1,000,000 on a note guaranteed under Section 108 of the U.S. Department of Housing and Urban Development bearing interest from 2.62% to 5.19%. Interest is paid semi-annually, and annual principal payments of \$65,000 in 2009 to 2022 with a final principal payment of \$90,000 in 2023. The proceeds may be spent for the purpose of acquisition and rehabilitation of real property.	\$ 805,000
In July 2008, the City borrowed \$804,800 on a note guaranteed under the South Carolina Brownsfields Cleanup Revolving Loan Fund (BCLRF) bearing a 1% interest rate. Principal and interest payments of \$42,386 are due semi-annually through October 2019.	<u>611,062</u>
Total notes payable	<u>\$ 1,416,062</u>

Governmental activities bond and notes payable debt service to maturity is as follows:

Year Ending June 30	General Obligation Bonds		Notes Payable		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 264,807	\$ 156,752	\$ 143,858	\$ 41,817	\$ 408,665	\$ 198,569
2014	277,974	148,176	144,648	38,485	422,622	186,661
2015	291,609	139,177	145,447	35,042	437,056	174,219
2016	305,730	129,739	146,253	31,482	451,983	161,221
2017	320,352	119,846	615,856	101,282	936,208	221,128
2018-2022	1,839,805	433,800	220,000	18,322	2,059,805	452,122
2023-2027	1,792,628	116,340	-	-	1,792,628	116,340
	<u>\$ 5,092,905</u>	<u>\$ 1,243,830</u>	<u>\$ 1,416,062</u>	<u>\$ 266,430</u>	<u>\$ 6,508,967</u>	<u>\$ 1,510,260</u>

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

The following table summarizes the City's business-type activities revenue bonds and notes payable:

	Date of Issuance	Original Issue	Interest Rate	Final Maturity	Balance June 30, 2012
Secured by Water and Sewer Fund revenues					
Revenue Bonds	Series 2010A	\$ 31,005,000	2.00 to 4.00	9/1/2024	\$ 28,940,000
	Series 2010B	67,995,000	5.625 to 6.280	9/1/2039	67,995,000
	Series 2011	4,926,000	1.558	9/1/2017	4,926,000
Total revenue bonds secured by Water and Sewer Fund revenues					101,861,000
Secured by Stormwater Utility Fund revenues					
Revenue Bonds	Series 2006	\$ 4,000,000	2.65	6/2/2021	2,690,000
Total Revenue Bonds					<u>\$ 104,551,000</u>
Secured by Water and Sewer Fund revenues					
Notes Payable	May 1999	\$ 2,767,997	2.25	3/1/2020	\$ 1,299,672
	May 2000	6,210,343	2.25	1/1/2032	4,736,310
	May 2000	4,062,403	4.25	6/1/2032	3,225,717
	January 2003	2,517,834	2.25	2/1/2034	2,019,053
	June 2009**	19,015,957	2.81	4/1/2031	17,534,837
Total Notes Payable					<u>\$ 28,815,589</u>

The Series 2011 Revenue Bonds were issued on December 14, 2011, in the amount of \$4,926,000 to refund the Series 2002 and Series 2003B Revenue Bonds originally issued in the aggregate amounts of \$8,360,000 and \$2,000,000 respectively. The new bonds bear interest of 1.558% and are due in annual installments ranging from \$159,000 to \$1,038,000 through September 1, 2017. The new debt issue will provide the City a net present value debt service savings in excess of \$395,000.

** The City began drawing down on a note payable from the South Carolina Water Quality Revolving Fund Authority in July 2009. The total loan amount available to the City for the upgrade of the City's wastewater treatment plant is \$19,015,957. As of June 30, 2012, the City had drawn \$17,534,837 of this amount which is included in construction in process and in notes payable.

Business-type activities revenue bond and notes payable debt service requirements to maturity are as follows:

Year Ending June 30	Revenue Bonds		Notes Payable		Total Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,993,000	\$ 5,147,463	\$ 1,330,890	\$ 798,188	\$ 4,323,890	\$ 5,945,651
2014	3,102,000	5,089,591	1,365,741	763,338	4,467,741	5,852,929
2015	3,205,000	5,029,378	1,401,724	727,355	4,606,724	5,756,733
2016	3,282,000	4,964,710	1,438,878	690,201	4,720,878	5,654,911
2017	3,110,000	4,889,787	1,477,244	651,835	4,587,244	5,541,622
2018-2022	12,964,000	23,268,327	7,585,470	2,663,888	20,549,470	25,932,215
2023-2027	11,310,000	20,707,379	8,156,821	1,572,493	19,466,821	22,279,872
2028-2032	18,970,000	15,878,551	6,058,821	386,809	25,028,821	16,265,360
2033-2037	22,940,000	9,307,716	-	-	22,940,000	9,307,716
2038-2040	22,675,000	1,719,935	-	-	22,675,000	1,719,935
	<u>\$ 104,551,000</u>	<u>\$ 96,002,837</u>	<u>\$ 28,815,589</u>	<u>\$ 8,254,107</u>	<u>\$ 133,366,589</u>	<u>\$ 104,256,944</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Balances – Governmental Funds

As of June 30, 2012, fund balances are composed of the following:

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:				
Nonspendable	\$ 265,745	\$ -	\$ 25,063	\$ 290,808
Restricted for:				
Housing Partnership	-	-	2,501	2,501
HOME Program	-	-	317,512	317,512
E-911	-	-	169,232	169,232
Victims Services	-	-	114,667	114,667
Drug Control	-	-	36,835	36,835
Federal Equitable Sharing	-	-	53,144	53,144
NSP Grant	-	-	108,185	108,185
NSP-3 Grant	-	-	253	253
Accommodation Tax	-	-	29,993	29,993
Debt Service	-	-	431,976	431,976
Capital projects	-	-	4,920	4,920
Public Safety Grants	-	-	10,616	10,616
	<u>-</u>	<u>-</u>	<u>1,279,834</u>	<u>1,279,834</u>
Committed to:				
Rollcart and Equipment Replacement	-	-	600,968	600,968
Debt Service	-	500,000	-	500,000
Civic Center Operations	-	308,512	-	308,512
	<u>-</u>	<u>808,512</u>	<u>600,968</u>	<u>1,409,480</u>
Assigned to:				
Subsequent Year's				
Expenditures	560,700	285,000	-	845,700
Downtown Revitalization	184,508	-	-	184,508
Recreation Registration	2,139	-	-	2,139
Recreation Projects	16,829	-	-	16,829
Park Commission	3,324	-	-	3,324
Recreation Programs	10,135	-	-	10,135
Drug Free Florence	507	-	-	507
Hospitality Fund	-	390,914	-	390,914
Employee Assistance	3,037	-	-	3,037
	<u>781,179</u>	<u>675,914</u>	<u>-</u>	<u>1,457,093</u>
Unassigned	8,291,180	-	-	8,291,180
Total Fund Balances	<u>\$ 9,338,104</u>	<u>\$ 1,484,426</u>	<u>\$ 1,905,865</u>	<u>\$ 12,728,395</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

V. OTHER INFORMATION

A. Employee Benefits

1. State retirement plans

The City is a member of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers' Retirement System (SCPORS). Both systems are cost-sharing multiple-employer public employee retirement systems and are administered by the South Carolina Retirement Systems. Benefit provisions, contribution rates, and amendment authority are established under the authority of Title 9 of the South Carolina Code of Laws.

Generally, all employees are required to participate in and contribute to the SCRS as a condition of employment. The normal cost is funded by contributions from the members at a rate of 6.5% of wages earned for the year. The employer's contribution rate for retirement is 9.385%. Additionally, as part of the retirement program, the City provides group life insurance to all SCRS participants, and the employer's contribution for group life insurance is .15%. Employees who retire at or after age 65 or with 28 years of credited service are entitled to full retirement benefits, payable for life, with an annual rate equal to 1.82% of average final compensation for each year of credited service. Vested employees are entitled to a deferred annuity commencing at age 60.

Generally, all full-time employees whose principal duties are the preservation of public order, protection, or prevention and control of property destruction by fire are eligible to participate in the SCPORS. The basic pension program is funded by contributions from the members at a rate of 6.5% of wages earned for the year. The employer's contribution rate for retirement is 11.363%. Additionally, as part of the retirement program, the City provides group life insurance and accidental death to all SCPORS participants, and the employer's contribution for group life and accidental death insurance is .40%. There are no early retirement provisions under SCPORS. A member must have 25 years of service for full retirement or must be age 55 with 5 years of service. Both criteria provide for full formula benefit, payable for life with an annual rate equal to 2.14% of average final compensation, for each year of credited service.

During the year, the City contributed \$921,406 to the SCRS and \$945,198 to the SCPORS. Contributions by employees during the year were \$638,163 to the SCRS and \$540,686 to the SCPORS. The City's covered payroll for the SCRS and SCPORS was \$9,817,860 and \$8,318,208, respectively. Total current year payroll for all employees was \$18,854,990.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Three-Year Trend Information

Year Ended	SCRS		SCPORS	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
June 30, 2010	\$ 899,467	100	\$ 848,533	100
June 30, 2011	\$ 868,950	100	\$ 885,198	100
June 30, 2012	\$ 921,406	100	\$ 945,198	100

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

V. OTHER INFORMATION (CONTINUED)

A. Employee Benefits

2. Deferred compensation plan

The City offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The plan is administered by the State of South Carolina Deferred Compensation Commission as agent for the City. The plan is available to all employees and allows them to defer a portion of their salary to future years. Participation is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergencies.

B. Postemployment Benefits Other Than Pensions

Plan description

The City's single-employer defined benefit postemployment healthcare plan (the Plan) provides medical and dental insurance to eligible retirees and their beneficiaries. As established by Resolution 98-05, adopted by City Council on May 11, 1998, and as amended by Resolution 2008-09, adopted by City Council on July 14, 2008, an employee becomes eligible when the employee qualifies for retirement benefits under the SCRS or PORS and meets a minimum required number of years of service with the City as defined below. Information regarding the SCRS and PORS eligibility may be obtained from the Comprehensive Annual Financial Report of those plans. The contribution requirements of the City and plan members are established and amended by Council. Council has retained the right to unilaterally modify its payments toward retiree health care benefits. The Plan does not issue a publicly available financial report.

As of July 1, 2011, the most recent measurement date for the plan, there were 528 covered participants; 59 were retirees and their beneficiaries receiving benefits, and 469 were active participants.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer irrevocable trust investment plan administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of SC, P.O. Box 12109, Columbia, South Carolina 29211.

Funding Policy

The City contributes a fixed-dollar amount indexed each year by the Consumer Price Index (CPI). The current average monthly premium for coverage until age 65 is approximately \$431.44 for retirees and \$910.93 for retiree and spouse. The cost of coverage for pre-65 retirees is also implicitly subsidized by the City. Spouses are implicitly subsidized until age 65. All coverage ends at the death of the retiree. The current average monthly premium is approximately \$268.00 for retirees after age 65.

For Retirees Before July 14, 2008

Retirees pay a percentage of the explicit portion of the benefit based on their service at retirement for their own coverage based on the table below. Spouses pay the full premium rate.

<u>Years of Service</u>	<u>Percentage</u>
30+ years	0%
25-29 years	10%
20-24 years	20%
15-19 years	30%

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

V. OTHER INFORMATION (CONTINUED)

B. Postemployment Benefits Other Than Pensions (Continued)

After age 65, retirees pay the total premium cost in excess of a percentage of \$263.56 for their own coverage. The percentage is based on the service criteria listed in the table below. Retirees are expected to pay for all future increases in the cost of this coverage. Spouses pay the full premium rate after age 65.

Years of Service	Percentage
30+ years	100%
25-29 years	90%
20-24 years	80%
15-19 years	70%

For Retirees After July 14, 2008

Before age 65, retirees who have 25 or more years of service with the City of Florence pay nothing for their own coverage and the full premium for spouse coverage. Retirees who have a minimum of 20 years of service but less than 25 years of service with the City pay 50% of the total cost (including implicit portion) for their own coverage and the full premium plus 50% of the implicit cost for spouse coverage.

After age 65, retirees who have 25 or more years of service with the City pay the total premium cost in excess of \$263.56 for their own coverage. Retirees who have a minimum of 20 years of service but less than 25 years of service with the City pay the total premium in excess of \$131.78 (half of \$263.56) for their own coverage. Retirees are expected to pay for all future increases in the cost of this coverage. Spouses pay the full premium rate after age 65.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for 2012, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 838,300
Interest on net OPEB Obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	838,300
Contribution made	(838,300)
Change in net OPEB obligation	-
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ -

Contributions included \$495,398 paid by the City to the Plan to pre-fund benefits and \$342,902 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

V. OTHER INFORMATION (CONTINUED)

B. Postemployment Benefits Other Than Pensions (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the Net OPEB (obligation) asset for 2012 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Obligation) Asset
6/30/2012	\$ 838,300	100%	\$ -
6/30/2011	\$ 803,200	100%	\$ -
6/30/2010	\$ 795,000	100%	\$ -

Funded Status and Funding Progress

At July 1, 2011, the most recent valuation date, the actuarial accrued liability for benefits (AAL) was \$8,337,329, with \$952,489 in plan assets at actuarial values, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,384,840. The funded ratio (Actuarial value of plan assets/AAL) was 11.42%. The covered payroll (annual payroll of active employees covered by the plan) was \$17,064,217, and the ratio of the UAAL to the covered payroll was 43.28%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations. Significant methods and assumptions used in the actuarial valuation at July 1, 2011, follow:

Valuation date	July 1, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	27 years
Asset valuation method	5-year Smoothed Market Value; 80%-120% corridor
Actuarial assumptions:	
Investment rate of return *	6.5%
Medical cost trend rate	
Pre-Medicare trend rate	10.50%-5.00%
Post-Medicare trend rate	8.50%-5.00%
Ultimate trend rate	5.00%
Year of Ultimate trend rate	2018
* Includes inflation at	3.00%

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

V. OTHER INFORMATION (CONTINUED)

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains its insurance for tort liability, property, automobile fleet, boiler and machinery, and crime with the South Carolina Municipal Insurance and Risk Financing fund (SCMIRF). Workers' compensation coverage is maintained through the South Carolina Municipal Insurance Trust (SCMIT) fund. Both the SCMIRF and SCMIT funds are self-insured pools with other municipalities in South Carolina. These programs are sponsored by and coordinated through the Municipal Association of South Carolina. The City pays an annual premium to SCMIRF and SCMIT. The City carries a \$10,000 deductible under the SCMIRF plan and a \$10,000 deductible under the SCMIT plan. Claims below these thresholds are managed by the City. The SCMIRF will reinsure through commercial companies for claims in excess of \$1 million for each insured event. If the City's losses under SCMIT exceed the annual premium, it is assessed an additional amount to fully reimburse the insurer for the losses. If the premium exceeds the losses, the City receives a refund.

D. Commitments

The City has committed itself on a number of construction and architectural contracts for Hospitality, Special Revenue, Water and Sewer, and Stormwater Utility Enterprise Fund capital improvements. As of June 30, 2012, the outstanding commitments total approximately \$13,955,662.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$1,172,000 for the year ended June 30, 2012, as its share of the operating, capital, and debt service costs of the Civic Center.

E. Contingencies

The City is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and, accordingly, no provision for losses has been recorded.

The City participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at June 30, 2012, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

F. New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012, improves financial reporting by enhancing guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The City will implement the new requirements for the 2013 financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The City will implement the new guidance with the 2013 financial statements.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

V. OTHER INFORMATION (CONTINUED)

F. New Governmental Accounting Standards Board (GASB) Pronouncements (Continued)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011, improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The City will implement the new guidance with the 2013 financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, intends to improve financial reporting by clarifying the appropriate use of the financial statement elements "deferred outflows of resources" and "deferred inflows of resources" to ensure consistency in financial reporting. The statement is effective for financial statements for periods beginning after December 15, 2012. The City will implement the new guidance with the 2014 financial statements.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, intends to improve financial reporting by resolving conflicting guidance in previous pronouncements regarding the accounting and presentation of risk financing activities, operating leases and certain loan transactions. The statement is effective for financial statements for periods beginning after December 15, 2012. The City will implement the new guidance with the 2014 financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, intends to improve financial reporting for most governments that provide their employees with pension benefits. The statement is effective for financial statements for periods beginning after June 15, 2014. The City will implement the new guidance with the 2015 financial statements.

Management has not yet determined the impact implementation of these standards will have on the City's financial statements, if any.

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REQUIRED SUPPLEMENTARY INFORMATION

The Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits provides information relating to the City's adoption of GASB Statement No. 45.

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**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
Primary Government						
7/1/2007	\$ -	\$ 9,126,000	\$ 9,126,000	0.00%	\$14,801,000	61.66%
7/1/2009	\$ 454,700	\$ 8,557,200	\$ 8,102,500	5.31%	\$15,893,500	50.98%
7/1/2011	\$ 952,489	\$ 8,337,329	\$ 7,384,840	11.42%	\$17,064,217	43.28%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ended June 30, 2012</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Net OPEB Liability</u>	<u>Percent Contributed</u>
Primary Government				
2009	\$ 772,000	\$ 772,000	\$ -	100%
2010	\$ 795,000	\$ 795,000	\$ -	100%
2011	\$ 803,200	\$ 803,200	\$ -	100%
2012	\$ 838,300	\$ 838,300	\$ -	100%

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OTHER FINANCIAL INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

To account for revenue from grants and other sources that is legally restricted to expenditures for specific purposes.

Housing Partnership – This fund is used to account for the expenditure of Housing Action Partnership Program grant.

HOME Program – This fund is used to account for the expenditure of HOME investment partnerships program grant.

Community Development Block Grants – This fund is used to account for the expenditures of community development block grants and HUD Section 108 loan proceeds.

Rollcart and Equipment Replacement – This fund is used to account for the costs associated with the repair and replacement of garbage collection rollcarts and recycle bins within the City.

E-911 – This fund is used to account for funds received for communication cost for 911 emergency services.

Victims Services – This fund is used to account for funds received to provide services to victims of crime.

Drug Control – This fund is used to account for funds seized in drug related cases.

Federal Equitable Sharing – This fund is used to account for revenues derived from forfeitures of federally seized assets which are expended to enhance law enforcement.

Tobacco/Alcohol Compliance – This fund is used to account for grant funds for educational programs for tobacco and alcohol compliance.

BJA Grant – This fund is used to account for the expenditures of the Bureau of Justice Assistance Grant Program.

NSP Grant – This fund is used to account for program expenditures of the HUD funded grant, Neighborhood Stabilization Program.

Accommodation Tax – This fund is used to account for funds received from the State to promote tourism in the City.

DOJ Grant – This fund is used to account for program expenditures funded by an ARRA Department of Justice Grant.

Recreation Registration – This fund is used to account for funds received for athletic programs.

Public Safety Grants – This fund is used to account for grant funds to reduce crime and improve public safety.

NSP-3 Grant – This fund is used to account for program expenditures of the HUD funded grant, Neighborhood Stabilization Program.

JAG Grant 2010 – This fund is used to account for program expenditures of the Bureau of Justice Assistance Grant 2010.

JAG Grant 2011 – This fund is used to account for program expenditures of the Bureau of Justice Assistance Grant 2011.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

To account for the proceeds of bond indebtedness received specifically for capital improvements.

DEBT SERVICE FUND

To account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Special Revenue Funds			
	Housing Partnership	HOME Program	Community Development Block Grants	Rollcart and Equipment Replacement
ASSETS				
Cash and cash equivalents	\$ -	\$ 317,605	\$ -	\$ 358,923
Restricted cash	-	-	-	-
Due from other governments	30,000	-	29,725	-
Inventory	-	-	-	25,063
Investments	-	-	-	242,045
Total assets	\$ 30,000	\$ 317,605	\$ 29,725	\$ 626,031
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 93	\$ 27,965	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	27,499	-	1,760	-
Unearned revenue	-	-	-	-
Total liabilities	27,499	93	29,725	-
Fund balances:				
Nonspendable	-	-	-	25,063
Restricted	2,501	317,512	-	-
Committed	-	-	-	600,968
Total fund balances	2,501	317,512	-	626,031
Total liabilities and fund balances	\$ 30,000	\$ 317,605	\$ 29,725	\$ 626,031

Special Revenue Funds

<u>E-911</u>	<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>Tobacco/ Alcohol Compliance</u>	<u>BJA Grant</u>	<u>NSP Grant</u>
\$ 175,214	\$ 114,667	\$ 6,260	\$ 53,255	\$ -	\$ -	\$ 44,559
-	-	-	-	-	-	118,337
-	-	-	-	-	-	-
-	-	30,885	-	-	-	-
<u>\$ 175,214</u>	<u>\$ 114,667</u>	<u>\$ 37,145</u>	<u>\$ 53,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,896</u>
\$ 5,982	\$ -	\$ 310	\$ -	\$ -	\$ -	\$ 1,310
-	-	-	111	-	-	-
-	-	-	-	-	-	18,857
-	-	-	-	-	-	34,544
<u>5,982</u>	<u>-</u>	<u>310</u>	<u>111</u>	<u>-</u>	<u>-</u>	<u>54,711</u>
-	-	-	-	-	-	-
169,232	114,667	36,835	53,144	-	-	108,185
-	-	-	-	-	-	-
<u>169,232</u>	<u>114,667</u>	<u>36,835</u>	<u>53,144</u>	<u>-</u>	<u>-</u>	<u>108,185</u>
<u>\$ 175,214</u>	<u>\$ 114,667</u>	<u>\$ 37,145</u>	<u>\$ 53,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,896</u>

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2012**

	Special Revenue Funds			
	Accommodation Tax	DOJ Grant	Recreation Registration	Public Safety Grants
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 10,676
Restricted cash	-	-	-	-
Due from other governments	176,394	-	-	-
Inventory	-	-	-	-
Investments	-	-	-	-
Total assets	\$ 176,394	\$ -	\$ -	\$ 10,676
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 138,166	\$ -	\$ -	\$ 60
Accrued liabilities	-	-	-	-
Due to other funds	8,235	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	146,401	-	-	60
Fund balances:				
Nonspendable	-	-	-	-
Restricted	29,993	-	-	10,616
Committed	-	-	-	-
Total fund balances	29,993	-	-	10,616
Total liabilities and fund balances	\$ 176,394	\$ -	\$ -	\$ 10,676

Special Revenue Funds

NSP-3 Grant	JAG Grant 2010	JAG Grant 2011	Capital Projects Fund	Debt Service	Total Nonmajor Governmental Funds
\$ 253	\$ -	\$ -	\$ 25,101	\$ 431,976	\$ 1,538,489
-	-	-	-	-	118,337
-	44,471	41,911	-	-	322,501
-	-	-	-	-	25,063
-	-	-	-	-	272,930
<u>\$ 253</u>	<u>\$ 44,471</u>	<u>\$ 41,911</u>	<u>\$ 25,101</u>	<u>\$ 431,976</u>	<u>\$ 2,277,320</u>
\$ -	\$ -	\$ -	\$ 19,765	\$ -	\$ 193,651
-	-	-	416	-	527
-	44,471	41,911	-	-	142,733
-	-	-	-	-	34,544
-	44,471	41,911	20,181	-	371,455
-	-	-	-	-	25,063
253	-	-	4,920	431,976	1,279,834
-	-	-	-	-	600,968
<u>253</u>	<u>-</u>	<u>-</u>	<u>4,920</u>	<u>431,976</u>	<u>1,905,865</u>
<u>\$ 253</u>	<u>\$ 44,471</u>	<u>\$ 41,911</u>	<u>\$ 25,101</u>	<u>\$ 431,976</u>	<u>\$ 2,277,320</u>

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds				
	Housing Partnership	HOME Program	Community Development Block Grants	Rollcart and Equipment Replacement	E-911
Revenues					
Intergovernmental	\$ -	\$ 2,114	\$ 306,753	\$ -	\$ -
Charges for services	-	-	-	-	128,676
Property taxes	-	-	-	-	-
Investment earnings	-	369	-	1,156	187
Miscellaneous	176,152	-	-	104,952	-
Total revenues	<u>176,152</u>	<u>2,483</u>	<u>306,753</u>	<u>106,108</u>	<u>128,863</u>
Expenditures					
Current					
General government	-	-	-	23,050	109,436
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	176,151	1,214	208,509	-	-
Debt service					
Debt service principal	-	-	65,000	80,588	-
Debt service interest	-	-	33,244	4,440	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>176,151</u>	<u>1,214</u>	<u>306,753</u>	<u>108,078</u>	<u>109,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>1,269</u>	<u>-</u>	<u>(1,970)</u>	<u>19,427</u>
Other financing sources (uses)					
Transfers in (out)	-	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1	1,269	-	(1,970)	19,427
Fund balances at beginning of year	<u>2,500</u>	<u>316,243</u>	<u>-</u>	<u>628,001</u>	<u>149,805</u>
Fund balances at end of year	<u>\$ 2,501</u>	<u>\$ 317,512</u>	<u>\$ -</u>	<u>\$ 626,031</u>	<u>\$ 169,232</u>

Special Revenue Funds

Victims Services	Drug Control	Federal Equitable Sharing	Tobacco/ Alcohol Compliance	BJA Grant	NSP Grant
\$ -	\$ -	\$ -	\$ -	\$ 3,269	\$119,145
-	-	-	-	-	-
-	-	-	-	-	-
344	181	66	-	-	14
103,884	18,436	39,712	-	-	-
<u>104,228</u>	<u>18,617</u>	<u>39,778</u>	<u>-</u>	<u>3,269</u>	<u>119,159</u>
-	-	-	-	-	-
-	17,763	13,310	-	3,269	-
-	-	-	-	-	-
-	-	-	-	-	18,051
-	-	-	-	-	-
-	-	-	-	-	-
-	28,800	-	-	-	-
<u>-</u>	<u>46,563</u>	<u>13,310</u>	<u>-</u>	<u>3,269</u>	<u>18,051</u>
<u>104,228</u>	<u>(27,946)</u>	<u>26,468</u>	<u>-</u>	<u>-</u>	<u>101,108</u>
(129,759)	-	-	(5,245)	-	-
<u>(129,759)</u>	<u>-</u>	<u>-</u>	<u>(5,245)</u>	<u>-</u>	<u>-</u>
(25,531)	(27,946)	26,468	(5,245)	-	101,108
140,198	64,781	26,676	5,245	-	7,077
<u>\$ 114,667</u>	<u>\$ 36,835</u>	<u>\$ 53,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$108,185</u>

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds				
	Accommodation Tax	DOJ Grant	Recreation Registration	Public Safety Grants	NSP-3 Grant
Revenues					
Intergovernmental	\$ 495,130	\$ 14,500	\$ -	\$ -	\$ 694,014
Charges for services	-	-	-	-	-
Property taxes	-	-	-	-	-
Investment earnings	5	-	-	38	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>495,135</u>	<u>14,500</u>	<u>-</u>	<u>38</u>	<u>694,014</u>
Expenditures					
Current					
General government	-	-	-	2,058	-
Public safety	-	14,500	-	581	-
Culture and recreation	475,457	-	-	-	-
Community development	-	-	-	-	693,761
Debt service					
Debt service principal	-	-	-	-	-
Debt service interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>475,457</u>	<u>14,500</u>	<u>-</u>	<u>2,639</u>	<u>693,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,678</u>	<u>-</u>	<u>-</u>	<u>(2,601)</u>	<u>253</u>
Other financing sources (uses)					
Transfers in (out)	-	-	(2,104)	5,245	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,104)</u>	<u>5,245</u>	<u>-</u>
Net change in fund balances	19,678	-	(2,104)	2,644	253
Fund balances at beginning of year	<u>10,315</u>	<u>-</u>	<u>2,104</u>	<u>7,972</u>	<u>-</u>
Fund balances at end of year	<u>\$ 29,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,616</u>	<u>\$ 253</u>

Special Revenue Funds

JAG Grant 2010	JAG Grant 2011	Capital Projects Fund	Debt Service	Total Nonmajor Governmental Funds
\$ 51,847	\$ 41,911	\$ -	\$ -	\$ 1,728,683
-	-	-	-	128,676
-	-	-	470,911	470,911
-	-	462	440	3,262
-	-	-	-	443,136
<u>51,847</u>	<u>41,911</u>	<u>462</u>	<u>471,351</u>	<u>2,774,668</u>
-	-	98,794	-	233,338
51,847	41,911	-	-	143,181
-	-	-	-	475,457
-	-	-	-	1,097,686
-	-	-	252,095	397,683
-	-	-	164,919	202,603
-	-	521,876	-	550,676
<u>51,847</u>	<u>41,911</u>	<u>620,670</u>	<u>417,014</u>	<u>3,100,624</u>
-	-	(620,208)	54,337	(325,956)
-	-	-	-	(131,863)
-	-	-	-	(131,863)
-	-	(620,208)	54,337	(457,819)
-	-	625,128	377,639	2,363,684
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,920</u>	<u>\$ 431,976</u>	<u>\$ 1,905,865</u>

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**PROPRIETARY FUNDS -
ENTERPRISE FUNDS**

To account for the financing of self-supporting activities of governmental units which render services on a user charge basis to the general public.

Water and Sewer Fund – This fund is used to account for transactions relating to the operations of the City water and sewer system.

Stormwater Utility Fund - This fund is used to account for transactions relating to the operations of the stormwater system.

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CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL
PROPRIETARY FUNDS – WATER AND SEWER FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Current use charges	\$ 29,193,000	\$ 28,997,000	\$ 29,010,429	\$ 13,429
Miscellaneous	740,000	744,000	875,984	131,984
Water and sewer tap fees	350,000	543,000	546,986	3,986
Total operating revenues	<u>30,283,000</u>	<u>30,284,000</u>	<u>30,433,399</u>	<u>149,399</u>
OPERATING EXPENSES				
Personnel	4,274,600	4,290,180	4,202,608	(87,572)
Employee benefits	1,710,290	1,676,710	1,611,632	(65,078)
Purchased services	4,643,910	4,851,900	4,561,373	(290,527)
Supplies and materials	1,323,400	1,283,040	1,234,798	(48,242)
Other operating expenses	1,144,000	1,513,370	829,172	(684,198)
Depreciation and amortization	5,664,500	5,624,500	4,510,747	(1,113,753)
Total operating expenses	<u>18,760,700</u>	<u>19,239,700</u>	<u>16,950,330</u>	<u>(2,289,370)</u>
OPERATING INCOME	<u>11,522,300</u>	<u>11,044,300</u>	<u>13,483,069</u>	<u>2,438,769</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	45,000	44,000	48,234	4,234
Loss on disposal of assets	-	-	5,314	5,314
Interest expense	(1,346,000)	(1,345,000)	(1,431,980)	(86,980)
Appropriation of net assets	3,039,500	3,279,500	-	(3,279,500)
Total non-operating revenue (expenses)	<u>1,738,500</u>	<u>1,978,500</u>	<u>(1,378,432)</u>	<u>(3,356,932)</u>
INCOME (LOSS) BEFORE TRANSFERS	13,260,800	13,022,800	12,104,637	(918,163)
TRANSFERS				
Transfers out	<u>(13,260,800)</u>	<u>(13,022,800)</u>	<u>(2,605,375)</u>	<u>10,417,425</u>
CHANGE IN NET ASSETS	-	-	9,499,262	9,499,262
TOTAL NET ASSETS - BEGINNING	<u>99,954,430</u>	<u>99,954,430</u>	<u>99,954,430</u>	<u>-</u>
TOTAL NET ASSETS - ENDING	<u>\$ 99,954,430</u>	<u>\$ 99,954,430</u>	<u>\$ 109,453,692</u>	<u>\$ 9,499,262</u>

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL
PROPRIETARY FUNDS – STORMWATER UTILITY FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Stormwater service fees	\$ 1,259,000	\$1,240,500	\$ 1,252,899	\$ 12,399
Miscellaneous	60,900	79,400	89,874	10,474
Total operating revenues	<u>1,319,900</u>	<u>1,319,900</u>	<u>1,342,773</u>	<u>22,873</u>
OPERATING EXPENSES				
Personnel	295,630	289,560	288,388	(1,172)
Employee benefits	124,880	113,170	110,803	(2,367)
Purchased services	116,300	122,700	241,216	118,516
Supplies and materials	17,000	9,900	12,258	2,358
Other operating expenses	20,200	19,000	17,128	(1,872)
Depreciation and amortization	692,000	692,000	528,322	(163,678)
Total operating expenses	<u>1,266,010</u>	<u>1,246,330</u>	<u>1,198,115</u>	<u>(48,215)</u>
OPERATING INCOME	<u>53,890</u>	<u>73,570</u>	<u>144,658</u>	<u>71,088</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	5,100	5,100	2,305	(2,795)
Interest expense	-	-	(97,513)	(97,513)
Appropriation of net assets	580,000	580,000	-	(580,000)
Total non-operating revenue (expenses)	<u>585,100</u>	<u>585,100</u>	<u>(95,208)</u>	<u>(680,308)</u>
INCOME (LOSS) BEFORE TRANSFERS	638,990	658,670	49,450	(609,220)
TRANSFERS OUT	<u>(638,990)</u>	<u>(658,670)</u>	<u>85,374</u>	<u>744,044</u>
CHANGE IN NET ASSETS	-	-	134,824	134,824
TOTAL NET ASSETS - BEGINNING	<u>2,919,246</u>	<u>2,919,246</u>	<u>2,919,246</u>	<u>-</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,919,246</u>	<u>\$2,919,246</u>	<u>\$ 3,054,070</u>	<u>\$ 134,824</u>

AGENCY FUNDS

To account for assets held as an agent for individuals and other governments.

Court Escrow – This fund is used to account for criminal and traffic fines being held on open court cases.

Fire Trust – This fund is used to account for collection of shared insurance premium rebates from the State of South Carolina and expenditures on behalf of City firefighters.

Veterans Park Development – This fund is used to account for funds received and expended for the development of monuments, other structural amenities, and related special events at the Veterans Park.

Narcotics Holding Funds – This fund is used to account for drug related funds seized inside the city on open court cases.

Florence Area Humane Society – This fund is used to account for donations made to the Humane Society received at the City's Animal Shelter.

**CITY OF FLORENCE, SOUTH CAROLINA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2012**

	<u>Court Escrow</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>	<u>Narcotics Holding Funds</u>	<u>Florence Area Humane Society</u>	<u>Totals</u>
Assets						
Cash and cash equivalents	\$ 56,012	\$ 5,611	\$ 49,507	\$ 263,252	\$ 2,206	\$ 376,588
Investments	-	-	-	59,992	-	59,992
Total assets	<u>\$ 56,012</u>	<u>\$ 5,611</u>	<u>\$ 49,507</u>	<u>\$ 323,244</u>	<u>\$ 2,206</u>	<u>\$ 436,580</u>
Liabilities						
Due to others	\$ 56,012	\$ 5,611	\$ 49,507	\$ 323,244	\$ 2,206	\$ 436,580
Total liabilities	<u>\$ 56,012</u>	<u>\$ 5,611</u>	<u>\$ 49,507</u>	<u>\$ 323,244</u>	<u>\$ 2,206</u>	<u>\$ 436,580</u>

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Balance at June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2012</u>
<u>Court Escrow</u>				
Assets				
Cash and cash equivalents	\$ 46,515	\$ 52,462	\$ 42,965	\$ 56,012
Liabilities				
Due to others	\$ 46,515	\$ 52,462	\$ 42,965	\$ 56,012
<u>Fire Trust</u>				
Assets				
Cash and cash equivalents	\$ 10,606	\$ 110,708	\$ 115,703	\$ 5,611
Liabilities				
Due to others	\$ 10,606	\$ 110,708	\$ 115,703	\$ 5,611
<u>Veterans Park Development</u>				
Assets				
Cash and cash equivalents	\$ 34,231	\$ 97,894	\$ 82,618	\$ 49,507
Liabilities				
Due to others	\$ 34,231	\$ 97,894	\$ 82,618	\$ 49,507
<u>Narcotics Holding Funds</u>				
Assets				
Cash and cash equivalents	\$ 211,893	\$ 52,647	\$ 1,288	\$ 263,252
Investments	59,819	385	212	59,992
	<u>\$ 271,712</u>	<u>\$ 53,032</u>	<u>\$ 1,500</u>	<u>\$ 323,244</u>
Liabilities				
Due to others	\$ 271,712	\$ 53,032	\$ 1,500	\$ 323,244
<u>Florence Area Humane Society</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 2,206	\$ -	\$ 2,206
Liabilities				
Due to others	\$ -	\$ 2,206	\$ -	\$ 2,206
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 303,245	\$ 315,917	\$ 242,574	\$ 376,588
Investments	59,819	385	212	59,992
Total Assets	<u>\$ 363,064</u>	<u>\$ 316,302</u>	<u>\$ 242,786</u>	<u>\$ 436,580</u>
Liabilities				
Due to others	\$ 363,064	\$ 316,302	\$ 242,786	\$ 436,580
Total Liabilities	<u>\$ 363,064</u>	<u>\$ 316,302</u>	<u>\$ 242,786</u>	<u>\$ 436,580</u>

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SUPPLEMENTAL SCHEDULES

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes				
Current	\$ 4,025,000	\$ 4,025,000	\$ 3,477,730	\$ (547,270)
Local option sales tax	5,225,000	5,225,000	5,197,098	(27,902)
Penalties	5,000	5,000	8,372	3,372
Payments in lieu of taxes	95,000	105,000	110,340	5,340
Delinquent taxes	105,000	115,500	135,058	19,558
Total Property Taxes	<u>9,455,000</u>	<u>9,475,500</u>	<u>8,928,598</u>	<u>(546,902)</u>
Licenses and fees				
Business and professional license	7,200,000	6,950,000	6,776,110	(173,890)
Franchise fees	3,700,000	3,550,000	3,351,868	(198,132)
Prior year business license	170,000	185,000	190,721	5,721
Total Licenses and Fees	<u>11,070,000</u>	<u>10,685,000</u>	<u>10,318,699</u>	<u>(366,301)</u>
Intergovernmental				
State shared revenue	692,000	670,000	677,583	7,583
Governmental reimbursements	189,000	200,000	210,469	10,469
State A tax funds	46,000	46,000	51,059	5,059
Community development	20,000	20,000	20,000	-
Grants	942,000	1,174,000	1,011,062	(162,938)
Marketing and promotion	100,000	91,000	91,300	300
Total Intergovernmental	<u>1,989,000</u>	<u>2,201,000</u>	<u>2,061,473</u>	<u>(139,527)</u>
Charges for services				
Refuse - landfill fee	1,320,000	1,325,000	1,329,362	4,362
Refuse - collection fee	315,000	310,000	317,135	7,135
Planning and zoning fees	30,000	28,000	29,580	1,580
Recreation fees	236,000	218,500	354,413	135,913
Total Charges for Services	<u>1,901,000</u>	<u>1,881,500</u>	<u>2,030,490</u>	<u>148,990</u>
Fines and Forfeitures				
Criminal fines	175,000	150,000	166,124	16,124
Traffic fines	585,000	450,000	510,174	60,174
Parking violations fines	16,000	16,000	12,315	(3,685)
Animal control fines	3,000	3,000	3,913	913
Total Fines and Forfeitures	<u>779,000</u>	<u>619,000</u>	<u>692,526</u>	<u>73,526</u>
Miscellaneous				
Investment income	20,000	12,000	14,461	2,461
Miscellaneous	70,000	162,000	152,444	(9,556)
Concessions	55,000	80,000	80,279	279
Total Miscellaneous	<u>145,000</u>	<u>254,000</u>	<u>247,184</u>	<u>(6,816)</u>
TOTAL REVENUES	<u>25,339,000</u>	<u>25,116,000</u>	<u>24,278,970</u>	<u>(837,030)</u>

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
General government				
City Council				
Salary and wages	\$ 113,130	\$ 113,130	\$ 113,126	\$ 4
Retirement	10,620	12,480	11,139	1,341
Health insurance	56,730	55,730	51,601	4,129
Workers' compensation	9,640	9,640	7,479	2,161
Social security	8,650	8,650	7,784	866
Printing and supplies	5,000	3,100	1,670	1,430
Postage	100	200	117	83
Membership and dues	18,000	20,000	19,804	196
Travel and conferences	32,000	29,000	18,227	10,773
Telephone related services	1,550	5,050	4,854	196
Professional services	28,000	30,500	21,500	9,000
Special departmental supplies	6,000	5,000	11,604	(6,604)
Capital outlay	-	7,000	-	7,000
Total City Council	<u>289,420</u>	<u>299,480</u>	<u>268,905</u>	<u>30,575</u>
Justice and Law				
Salary and wages	310,490	321,880	311,548	10,332
Retirement	30,740	32,530	30,681	1,849
Health insurance	39,540	37,900	37,383	517
Workers' compensation	9,640	9,640	7,419	2,221
Social security	23,750	25,750	22,687	3,063
Printing and supplies	9,000	6,890	6,403	487
Postage	3,000	2,670	2,488	182
Membership and dues	300	590	588	2
Travel and conferences	3,000	2,080	1,987	93
Auto operating expenses	5,000	5,310	5,098	212
Telephone related services	2,700	2,090	2,051	39
Maintenance and service contracts	4,500	5,300	6,011	(711)
Machine and equipment repairs	250	500	219	281
Employee training	2,500	2,660	2,638	22
Professional services	-	3,520	3,233	287
Jury vouchers	10,000	6,980	6,809	171
Office supplies	-	1,870	2,643	(773)
Special departmental supplies	6,000	4,700	4,694	6
Capital outlay	-	10,190	-	10,190
Total Justice and Law	<u>460,410</u>	<u>483,050</u>	<u>454,580</u>	<u>28,470</u>

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
General government (Continued)				
City Manager				
Salary and wages	\$ 438,600	\$ 250,820	\$ 245,500	\$ 5,320
Retirement	41,180	19,910	19,760	150
Health insurance	32,110	21,540	20,945	595
Workers' compensation	6,910	6,910	5,325	1,585
Social security	33,550	15,750	15,670	80
Printing and supplies	4,300	3,990	1,961	2,029
Postage	1,200	900	280	620
Membership and dues	4,000	4,000	1,451	2,549
Travel and conferences	5,000	3,000	2,434	566
Car allowance	7,200	4,800	4,800	-
Auto operating expenses	500	700	571	129
Telephone related services	4,900	4,900	4,740	160
Maintenance and service contracts	1,000	1,000	998	2
Other maintenance and repairs	-	200	58	142
Employee training	1,400	1,400	1,400	-
Professional services	1,000	12,000	10,239	1,761
Special departmental supplies	2,000	7,210	6,422	788
Gas and oil	1,200	1,000	447	553
Capital outlay	-	2,300	-	2,300
Total City Manager	586,050	362,330	343,001	19,329
Finance				
Salary and wages	505,190	487,800	485,644	2,156
Retirement	47,440	45,290	45,041	249
Health insurance	68,590	64,680	64,556	124
Workers' compensation	15,180	12,180	11,667	513
Social security	38,650	34,930	34,351	579
Printing and supplies	2,900	3,200	2,970	230
Postage	9,500	9,500	8,947	553
Membership and dues	1,600	1,700	1,530	170
Travel and conferences	3,100	3,000	2,861	139
Auto operating expenses	200	200	-	200
Telephone related services	5,600	5,200	5,032	168
Maintenance and service contracts	10,000	9,000	10,214	(1,214)
Machine and equipment repairs	100	100	95	5
Public notices	1,300	1,000	696	304
Employee training	1,700	1,900	1,720	180
Professional services	500	700	527	173
Special departmental supplies	77,000	77,000	80,607	(3,607)
Gas and oil	400	500	527	(27)
Capital outlay	-	6,000	-	6,000
Total Finance	788,950	763,880	756,985	6,895

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
General government (Continued)				
Personnel				
Salary and wages	\$ 279,790	\$ 267,630	\$ 266,591	\$ 1,039
Retirement	26,270	25,580	25,218	362
Health insurance	39,820	36,240	35,812	428
Workers' compensation	8,270	6,770	6,342	428
Social security	21,400	20,290	19,554	736
Printing and supplies	10,000	9,000	8,233	767
Postage	1,700	3,500	2,891	609
Membership and dues	1,400	1,400	1,145	255
Travel and conferences	2,000	3,500	3,012	488
Auto operating expenses	500	500	73	427
Telephone related services	3,000	3,500	2,040	1,460
Maintenance and service contracts	3,500	3,600	4,061	(461)
Machine and equipment repairs	200	320	320	-
Public notices	12,000	18,000	17,301	699
Employee training	2,000	2,000	629	1,371
Professional services	25,000	27,600	23,688	3,912
Medical expenses	30,000	21,400	18,371	3,029
Office supplies	-	7,000	4,484	2,516
Special departmental supplies	6,000	8,000	11,291	(3,291)
Gas and oil	500	500	259	241
Capital outlay	-	4,500	-	4,500
Total Personnel	473,350	470,830	451,315	19,515
Community Service				
Salary and wages	309,640	276,000	266,861	9,139
Retirement	29,070	27,210	25,306	1,904
Health insurance	44,470	39,160	39,075	85
Workers' compensation	11,050	11,050	8,496	2,554
Social security	23,690	21,670	19,809	1,861
Printing and supplies	3,500	3,500	1,441	2,059
Postage	1,400	1,400	1,129	271
Membership and dues	1,000	1,660	435	1,225
Travel and conferences	2,700	2,700	835	1,865
Auto operating expenses	2,200	2,200	617	1,583
Telephone related services	4,200	4,300	4,009	291
Radio maintenance	500	500	-	500
Maintenance and service contracts	2,600	2,660	1,423	1,237
Uniform and clothing	500	500	-	500
Employee training	2,000	2,000	607	1,393
Professional services	8,200	12,500	12,102	398
Special departmental supplies	5,400	5,500	3,045	2,455
Gas and oil	8,300	8,000	8,272	(272)
Capital outlay	-	4,000	-	4,000
Total Community Service	460,420	426,510	393,462	33,048

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
General government (Continued)				
Urban Planning & Development				
Salary and wages	\$ 284,000	\$ 297,430	\$ 296,297	\$ 1,133
Retirement	26,670	28,560	27,973	587
Health insurance	48,330	43,080	42,865	215
Workers' compensation	11,060	9,960	8,496	1,464
Social security	21,730	22,560	21,711	849
Printing and supplies	6,000	6,260	6,126	134
Postage	2,000	2,000	1,582	418
Membership and dues	4,000	4,000	2,321	1,679
Travel and conferences	3,500	5,000	4,655	345
Auto operating expenses	500	550	540	10
Electricity	12,000	11,000	9,851	1,149
Telephone related services	3,200	3,090	2,983	107
Maintenance and service contracts	15,000	15,790	18,258	(2,468)
Maintenance and equipment repairs	1,000	950	501	449
Building maintenance	10,000	1,800	1,265	535
Public notices	7,500	2,500	2,355	145
Rent payments	22,000	21,700	21,438	262
Employee training	8,000	4,800	3,310	1,490
Professional services	46,300	104,100	73,030	31,070
Uniforms and clothing	-	210	206	4
Office supplies	-	240	239	1
Special departmental supplies	2,000	1,000	20,101	(19,101)
Gas and oil	3,000	2,100	2,277	(177)
Water usage	1,200	1,200	948	252
Capital outlay	-	20,200	-	20,200
Total Urban Planning & Development	538,990	610,080	569,328	40,752
Total General Government	3,597,590	3,416,160	3,237,576	178,584
Public Safety				
Police				
Salary and wages	5,820,370	5,661,130	5,650,287	10,843
Retirement	653,130	642,250	639,707	2,543
Health insurance	924,920	865,650	902,470	(36,820)
Workers' compensation	223,990	173,990	172,136	1,854
Social security	445,280	414,250	412,478	1,772
Printing and supplies	10,400	10,400	9,455	945
Postage	3,500	3,500	2,462	1,038
Membership and dues	1,800	1,800	1,175	625
Travel and conferences	3,750	3,550	1,063	2,487
Auto operating expenses	85,000	76,000	68,831	7,169
Electricity	19,000	19,250	16,453	2,797
Telephone related services	47,250	50,250	49,844	406

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Safety (Continued)				
Police (Continued)				
Radio maintenance	\$ 7,000	\$ 7,000	\$ 5,355	\$ 1,645
Maintenance service contracts	32,000	31,300	31,966	(666)
Machine and equipment repairs	8,500	8,500	6,652	1,848
Building and maintenance	4,000	4,000	3,342	658
Uniform and clothing	79,000	69,500	67,015	2,485
Prisoner housing	305,000	305,000	297,973	7,027
Inmate services	-	1,600	585	1,015
Rent payments	28,200	28,850	28,850	-
Employee training	22,600	13,300	9,367	3,933
Professional services	96,000	92,100	91,728	372
Pal expenses	10,000	7,870	4,540	3,330
Medical expenses	1,000	1,000	-	1,000
Rewards	1,000	1,000	-	1,000
Special departmental supplies	58,500	59,500	110,873	(51,373)
Gas and oil	320,000	338,600	375,577	(36,977)
Water usage	3,200	3,900	3,693	207
Grant expenditures	7,000	7,000	5,304	1,696
Capital outlay	149,000	182,430	421,613	(239,183)
Total Police	<u>9,370,390</u>	<u>9,084,470</u>	<u>9,390,794</u>	<u>(306,324)</u>
Fire				
Salary and wages	3,312,340	3,354,640	3,350,028	4,612
Retirement	380,620	382,480	380,901	1,579
Health insurance	532,590	511,630	534,835	(23,205)
Workers' compensation	99,330	78,330	76,345	1,985
Social security	253,390	248,460	248,073	387
Printing and supplies	1,000	1,100	1,009	91
Postage	150	150	53	97
Membership and dues	950	1,450	578	872
Travel and conferences	2,000	1,000	527	473
Auto operating expenses	42,500	39,500	37,449	2,051
Electricity	50,000	40,000	35,716	4,284
Telephone related services	27,000	26,500	26,136	364
Heating fuel	28,000	20,000	16,820	3,180
Fire prevention	15,000	12,000	10,114	1,886
Radio maintenance	5,000	3,000	1,815	1,185
Maintenance service contracts	20,000	22,500	29,435	(6,935)
Machine and equipment repairs	7,000	11,000	10,219	781
Building and maintenance	25,000	21,900	20,699	1,201
Uniform and clothing	70,000	65,000	63,152	1,848
Employee training	25,000	18,500	14,850	3,650
Professional services	6,500	6,500	3,737	2,763
Special departmental supplies	50,000	47,500	73,831	(26,331)

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Safety (Continued)				
Fire (Continued)				
Gas and oil	\$ 50,000	\$ 60,000	\$ 64,633	\$ (4,633)
Water usage	20,000	16,000	14,893	1,107
Capital outlay	206,750	350,700	150,364	200,336
Total Fire	<u>5,230,120</u>	<u>5,339,840</u>	<u>5,166,212</u>	<u>173,628</u>
Total Public Safety	<u>14,600,510</u>	<u>14,424,310</u>	<u>14,557,006</u>	<u>(132,696)</u>
Public Works				
Streets and Beautification				
Salaries and wages	826,700	883,010	880,874	2,136
Retirement	77,630	83,580	82,996	584
Health insurance	166,460	178,380	186,272	(7,892)
Workers' compensation	41,350	32,350	31,771	579
Social security	63,240	65,660	65,082	578
Printing and supplies	300	800	762	38
Office supplies	-	700	416	284
Safety supplies	-	1,000	674	326
Postage	100	100	3	97
Membership and dues	200	200	-	200
Auto operating expenses	22,000	26,500	25,628	872
Electricity	14,500	16,800	16,343	457
Telephone related services	1,400	1,400	1,568	(168)
Radio maintenance	1,000	1,000	458	542
Maintenance and service contracts	600	600	551	49
Machine and equipment repairs	30,000	48,500	47,170	1,330
Tree beautification	7,000	6,000	5,631	369
Sign shop supplies	10,000	12,000	11,791	209
Medical expenses	-	25,000	23,650	1,350
Uniform and clothing	10,000	15,000	14,722	278
Inmate services	-	4,500	4,110	390
Chemicals	5,000	5,800	4,794	1,006
Paving materials and supplies	10,000	8,000	7,254	746
Employee training	300	1,300	1,092	208
Professional services	24,000	22,100	22,158	(58)
Special departmental supplies	23,000	41,500	61,385	(19,885)
Gas and oil	61,000	68,500	75,602	(7,102)
Water usage	10,000	10,000	9,803	197
Capital outlay	75,000	115,800	63,138	52,662
Total Streets and Beautification	<u>1,480,780</u>	<u>1,676,080</u>	<u>1,645,698</u>	<u>30,382</u>

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Works (Continued)				
Sanitation				
Salary and wages	\$ 829,940	\$ 830,280	\$ 828,126	\$ 2,154
Retirement	77,930	77,440	76,937	503
Health insurance	164,010	156,060	162,615	(6,555)
Workers' compensation	37,230	29,230	28,599	631
Social security	63,490	61,080	60,202	878
Printing and supplies	100	325	187	138
Postage	100	100	8	92
Membership and dues	100	350	-	350
Travel and conferences	100	-	-	-
Auto operating expenses	100,000	129,000	127,568	1,432
Telephone related services	350	350	-	350
Radio maintenance	2,500	2,500	2,302	198
Maintenance and service contracts	12,000	9,000	7,908	1,092
Machine and equipment repairs	72,000	72,000	69,483	2,517
Landfill services	1,200,000	1,100,000	1,055,994	44,006
Uniform and clothing	9,000	11,700	11,403	297
Office supplies	-	100	24	76
Compost supplies	1,000	500	-	500
Safety supplies	-	1,600	1,488	112
Public notices	7,000	7,000	6,182	818
Employee training	100	600	308	292
Professional services	300	300	-	300
Special departmental supplies	7,000	5,125	4,890	235
Gas and oil	233,000	253,000	276,629	(23,629)
Capital outlay	85,100	-	-	-
Total Sanitation	2,902,350	2,747,640	2,720,853	26,787
Equipment Maintenance				
Salary and wages	280,390	279,480	278,336	1,144
Retirement	26,330	26,850	26,407	443
Health insurance	46,480	44,310	43,550	760
Workers' compensation	9,640	7,640	7,419	221
Social security	21,450	21,290	20,665	625
Printing and supplies	100	200	142	58
Auto operating expenses	1,000	1,000	818	182
Telephone related services	100	100	-	100
Heating fuel	6,500	4,500	3,030	1,470
Radio maintenance	100	500	314	186
Maintenance and service contracts	4,100	3,150	2,178	972
Machine and equipment repairs	1,000	1,000	97	903
Uniform and clothing	3,500	4,500	4,057	443
Safety supplies	-	100	76	24

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Safety (Continued)				
Sanitation (Continued)				
Employee training	\$ 200	\$ 650	\$ 604	\$ 46
Special departmental supplies	5,000	4,400	3,630	770
Gas and oil	7,000	5,500	4,778	722
Capital outlay	-	6,500	-	6,500
Total Equipment Maintenance	<u>412,890</u>	<u>411,670</u>	<u>396,101</u>	<u>15,569</u>
Total Public Works	<u>4,796,020</u>	<u>4,835,390</u>	<u>4,762,652</u>	<u>72,738</u>
Culture and Recreation				
Parks and Leisure services				
Salary and wages	891,430	911,090	909,349	1,741
Retirement	77,130	80,090	79,213	877
Health insurance	153,010	147,060	146,326	734
Workers' compensation	38,070	30,070	29,258	812
Social security	68,190	66,970	66,154	816
Printing and supplies	3,000	2,680	2,041	639
Postage	1,000	1,000	410	590
Membership and dues	1,200	1,660	1,616	44
Travel and conferences	400	1,800	1,426	374
Auto operating expenses	11,000	11,700	11,493	207
Electricity	77,000	72,500	71,726	774
Telephone related services	5,500	10,300	10,059	241
Cable and related services	-	30	24	6
Radio maintenance	500	1,000	787	213
Maintenance and service contracts	20,000	15,870	18,437	(2,567)
Machine and equipment repairs	5,000	12,280	11,844	436
Building maintenance	18,000	10,480	9,678	802
Facility and park maintenance	-	1,740	1,630	110
Tree beautification	4,000	1,000	-	1,000
Uniform and clothing	4,000	8,500	8,054	446
Office supplies	-	1,220	757	463
Janitorial services and supplies	-	830	817	13
Athletic field supplies	-	70	62	8
Inmate services	-	2,500	1,665	835
Food and supplies	5,000	5,000	4,873	127
Employee training	500	300	240	60
Professional services	30,000	21,000	19,757	1,243
Special departmental supplies	50,000	50,200	56,997	(6,797)
Gas and oil	34,000	49,500	54,255	(4,755)
Water usage	15,000	21,000	20,614	386
Boys and Girls Club	61,000	61,000	61,000	-

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Culture and Recreation (Continued)				
Parks and Leisure services (Continued)				
Tournaments	\$ 500	\$ 2,300	\$ 1,560	\$ 740
Grant expenditures	6,000	6,000	-	6,000
Capital outlay	233,000	177,000	26,119	150,881
Total Parks and Leisure services	1,813,430	1,785,740	1,628,241	157,499
Athletic Programs				
Salary and wages	499,270	485,360	481,425	3,935
Retirement	36,320	34,750	33,451	1,299
Health insurance	66,690	63,280	61,491	1,789
Workers' compensation	15,180	12,180	11,667	513
Social security	38,190	37,290	36,058	1,232
Printing and supplies	500	325	290	35
Postage	200	10	9	1
Membership and dues	1,000	1,020	671	349
Travel and conferences	1,000	-	-	-
Auto operating expenses	2,000	3,000	2,514	486
Electricity	150,000	173,420	130,717	42,703
Telephone related services	4,000	3,310	3,130	180
Cable and related services	-	1,080	825	255
Maintenance and service contracts	12,000	13,040	13,885	(845)
Machine and equipment repairs	9,000	15,900	15,640	260
Radio repairs and maintenance	500	500	134	366
Building maintenance	10,000	10,000	9,764	236
Facility and park maintenance	-	770	659	111
Tree beautification	2,000	2,000	-	2,000
Uniform and clothing	2,000	1,010	1,005	5
Inmate services	-	2,700	1,800	900
Office supplies	-	25	24	1
Janitorial services and supplies	-	2,100	2,008	92
Food and supplies	40,000	56,000	54,980	1,020
Employee training	500	320	295	25
Professional services	20,000	22,300	20,421	1,879
Special departmental supplies	35,000	39,480	44,550	(5,070)
Irrigation parts and supplies	-	30	-	30
Pro shop supplies	-	11,000	7,907	3,093
Athletic expenses	-	300	286	14
Tennis center expenses	-	1,000	496	504
Gas and oil	9,000	8,000	7,114	886
Water usage	30,000	39,500	38,780	720

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Culture and Recreation (Continued)				
Athletic Programs (Continued)				
Marketing and promotion	\$ 56,000	\$ 61,000	\$ 60,301	\$ 699
Tournaments	2,000	2,000	1,700	300
Capital outlay	22,000	40,700	-	40,700
Total Athletic Programs	<u>1,064,350</u>	<u>1,144,700</u>	<u>1,043,997</u>	<u>100,703</u>
Total Culture and Recreation	<u>2,877,780</u>	<u>2,930,440</u>	<u>2,672,238</u>	<u>258,202</u>
Non-Departmental				
Employee relations	20,000	30,000	29,751	249
Unemployment compensation	20,000	15,000	14,191	809
OPEB expense	564,600	517,300	517,300	-
Employee benefit program	-	-	7,370	(7,370)
Employee assistance	-	-	12,801	(12,801)
Property and liability insurance	250,000	242,000	241,516	484
Small claims	65,000	77,000	75,567	1,433
Employee W/C small claims	20,000	50,000	42,919	7,081
Bank charges	-	7,000	6,770	230
Boys' and Girls' Club	20,000	20,000	20,000	-
Transit system	85,000	85,000	85,000	-
Florence Area Humane Society	75,000	30,000	29,917	83
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
City-County Complex operation	191,900	213,400	203,337	10,063
Contingency	104,000	110,200	-	110,200
Street lights	680,000	711,500	710,184	1,316
Lucas St. enhancement	175,500	175,000	4,608	170,392
Rail to trail project	-	17,500	-	17,500
Fire district tax reimbursement	-	30,000	35,536	(5,536)
IT Support Services	115,000	130,000	116,160	13,840
Legal services	-	30,000	25,434	4,566
Animal shelter improvements	-	1,200	1,099	101
Drug Free Florence	-	-	3,825	(3,825)
Blue trail project	220,000	220,000	129,451	90,549
Boys' and Girls Club roof	-	75,000	74,600	400
Downtown revitalization	-	-	25,541	(25,541)
Special projects	65,000	137,500	138,352	(852)
Other recreation programs	-	-	125,711	(125,711)
Tennis center expenditures	-	-	37,279	(37,279)
Capital Outlay	155,000	568,600	346,772	221,828
Smoke free grant	-	30,000	24,751	5,249
Keep Florence Beautiful	5,000	5,000	5,000	-
Total Non-Departmental	<u>2,841,000</u>	<u>3,538,200</u>	<u>3,100,742</u>	<u>437,458</u>

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Debt Service				
Principal	\$ -	\$ -	\$ 314,981	\$ (314,981)
Interest	-	-	16,505	(16,505)
Total Debt Service	<u>-</u>	<u>-</u>	<u>331,486</u>	<u>(331,486)</u>
TOTAL EXPENDITURES	<u>28,712,900</u>	<u>29,144,500</u>	<u>28,661,700</u>	<u>482,800</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(3,373,900)</u>	<u>(4,028,500)</u>	<u>(4,382,730)</u>	<u>(354,230)</u>
Other Financing Sources (Uses)				
Capital leases	-	-	395,606	395,606
Insurance proceeds	-	-	72,102	72,102
Transfers in	2,859,900	2,854,900	3,353,864	498,964
Appropriation of fund balance	514,000	1,173,600	-	(1,173,600)
Total Other Financing Sources (Uses)	<u>3,373,900</u>	<u>4,028,500</u>	<u>3,821,572</u>	<u>(206,928)</u>
NET CHANGES IN FUND BALANCES				
	-	-	(561,158)	(561,158)
Fund balance at beginning of year	<u>9,899,262</u>	<u>9,899,262</u>	<u>9,899,262</u>	<u>-</u>
FUND BALANCE AT END OF YEAR				
	<u>\$ 9,899,262</u>	<u>\$ 9,899,262</u>	<u>\$ 9,338,104</u>	<u>\$ (561,158)</u>

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL
PROPRIETARY FUND – WATER AND SEWER FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Water service fees	\$ 14,600,000	\$ 14,288,000	\$ 14,368,732	\$ 80,732
Sewer service fees	14,375,000	14,530,000	14,606,541	76,541
Sewer surcharge	46,000	34,000	35,156	1,156
Cut on fees	172,000	145,000	147,414	2,414
Water tap fees	270,000	394,000	395,095	1,095
Sewer tap fees	80,000	149,000	151,891	2,891
Service charges	235,000	239,000	240,778	1,778
Late fees	430,000	430,000	430,468	468
Miscellaneous income	75,000	75,000	57,324	(17,676)
Total Operating Revenues	30,283,000	30,284,000	30,433,399	149,399
Operating Expenses				
Engineering				
Salary and wages	617,630	630,710	629,531	1,179
Retirement	58,000	60,630	59,832	798
Health insurance	87,430	82,380	81,849	531
Workers' compensation	17,010	15,810	13,043	2,767
Social security	47,250	46,890	45,136	1,754
Printing and supplies	3,500	3,500	3,495	5
Postage	200	200	159	41
Membership and dues	500	1,200	1,020	180
Auto operating expenses	3,500	3,500	1,923	1,577
Electricity	27,500	27,500	25,583	1,917
Travel and conferences	1,000	1,000	381	619
Telephone related services	10,400	10,400	10,343	57
Heating fuel	10,000	5,000	3,070	1,930
Radio maintenance	200	200	-	200
Other maintenance and repairs	-	200	58	142
Maintenance and service contracts	50,000	59,000	58,190	810
Building maintenance	9,000	9,500	9,572	(72)
Office supplies	-	2,000	1,695	305
Other supplies and equipment	10,000	6,000	20,507	(14,507)
Other equipment	22,500	22,500	-	22,500
Uniforms and Clothing	3,000	3,000	2,899	101
Public notices	200	200	-	200
Employees training	1,500	1,500	1,069	431
Professional services	65,500	52,500	39,300	13,200
Gas and oil	9,500	13,500	14,697	(1,197)
Water usage	9,000	9,500	9,228	272
Total Engineering	1,064,320	1,068,320	1,032,580	35,740

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
PROPRIETARY FUND – WATER AND SEWER FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Utility Finance				
Salary and wages	\$ 466,990	\$ 742,330	\$ 739,850	\$ 2,480
Retirement	43,850	68,160	68,106	54
Health insurance	75,200	107,380	106,842	538
Workers' compensation	24,540	19,540	18,847	693
Social security	35,720	53,900	53,666	234
Printing and supplies	1,500	500	190	310
Postage	4,600	4,100	3,160	940
Membership and dues	130	760	504	256
Travel and conferences	1,500	500	210	290
Auto operating expenses	300	6,800	6,133	667
Radio maintenance	-	300	139	161
Other maintenance and repairs	-	500	-	500
Electricity	13,000	10,500	9,940	560
Telephone related services	3,300	5,700	4,918	782
Maintenance and service contracts	33,000	30,000	32,417	(2,417)
Building maintenance	1,500	4,000	3,227	773
Rent payments	22,000	22,000	21,438	562
Employee training	500	500	50	450
Professional services	192,000	161,500	158,414	3,086
Special departmental supplies	26,000	28,500	73,219	(44,719)
Meters, parts and supplies	-	223,000	80,604	142,396
Uniforms and clothing	-	2,200	1,879	321
Gas and oil	200	24,700	26,543	(1,843)
Water usage	1,600	1,600	1,525	75
Building and fixed equipment	8,000	11,500	-	11,500
Other equipment	-	11,000	(6)	11,006
Total Utility Finance	<u>955,430</u>	<u>1,541,470</u>	<u>1,411,815</u>	<u>129,655</u>
Wastewater Treatment				
Salary and wages	1,142,320	1,118,010	1,095,886	22,124
Retirement	107,260	107,630	104,248	3,382
Health insurance	202,060	196,850	204,948	(8,098)
Workers' compensation	56,700	56,700	43,557	13,143
Social security	87,390	84,800	80,506	4,294
Printing and supplies	1,400	1,400	760	640
Office supplies	-	1,000	430	570
Postage	1,400	1,400	1,162	238
Membership and dues	7,200	7,200	6,525	675
Travel and conferences	-	1,000	681	319
Auto operating expenses	13,000	13,000	8,588	4,412
Electricity	945,000	876,000	775,005	100,995
Heating fuel	3,000	6,500	6,347	153
Telephone related services	6,400	9,320	9,009	311

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
PROPRIETARY FUND – WATER AND SEWER FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variances</u> <u>With Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Wastewater Treatment (Continued)				
Radio maintenance	\$ 500	\$ 500	\$ 494	\$ 6
Maintenance and service contracts	5,000	5,000	2,694	2,306
Machine and equipment repairs	270,400	287,400	240,792	46,608
Building maintenance	1,000	1,000	544	456
Building and equipment supplies	54,000	57,000	-	57,000
Landfill services	390,000	354,500	289,495	65,005
Uniforms and clothing	9,000	12,300	11,994	306
Chemicals	100,000	160,000	146,606	13,394
Lab supplies	16,000	16,000	21,542	(5,542)
Employee training	5,000	5,000	1,900	3,100
Professional services	30,000	30,000	29,265	735
Special departmental supplies	42,000	46,000	60,346	(14,346)
Gas and oil	49,500	75,000	76,729	(1,729)
Water usage	37,000	27,180	19,261	7,919
Upgrade and painting	150,000	166,000	-	166,000
Total Wastewater Treatment	3,732,530	3,723,690	3,239,314	484,376
Water Production - Surface Water				
Salary and wages	365,410	342,470	333,436	9,034
Retirement	34,310	33,600	31,618	1,982
Health insurance	55,180	50,120	47,462	2,658
Workers' compensation	20,820	19,820	15,975	3,845
Social security	27,950	26,740	24,890	1,850
Printing and supplies	1,200	1,330	1,479	(149)
Office supplies	-	500	127	373
Postage	100	100	67	33
Membership and dues	650	660	655	5
Auto operating expenses	2,000	2,500	2,410	90
Electricity	300,000	308,000	311,414	(3,414)
Telephone related services	4,400	4,900	4,556	344
Heating fuel	22,000	22,000	15,400	6,600
Radio maintenance	1,500	1,500	54	1,446
Maintenance and service contracts	2,000	6,800	8,695	(1,895)
Machine and equipment repairs	43,000	52,500	51,473	1,027
Building maintenance	18,000	23,000	21,700	1,300
Building and equipment supplies	-	23,490	-	23,490
Uniforms and clothing	3,000	4,500	4,372	128
Chemicals	200,000	260,000	257,387	2,613
Lab supplies	40,000	55,000	51,248	3,752
Employee training	500	4,500	525	3,975
Professional services	5,000	18,000	13,219	4,781
Special departmental supplies	20,000	39,000	83,133	(44,133)

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
PROPRIETARY FUND – WATER AND SEWER FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Water Production - Surface Water (Continued)				
Gas and oil	\$ 6,600	\$ 6,600	\$ 5,646	\$ 954
Water usage	2,000	1,480	1,108	372
Upgrade and painting	122,500	157,900	-	157,900
Total Water Production - Surface Water	1,298,120	1,467,010	1,288,049	178,961
Water Production - Ground Water				
Salary and wages	266,810	265,260	261,566	3,694
Retirement	25,050	25,350	24,798	552
Health insurance	55,220	55,910	55,410	500
Workers' compensation	15,160	12,160	11,667	493
Social security	20,410	19,930	19,045	885
Printing and supplies	100	300	277	23
Postage	120	120	119	1
Membership and dues	210	640	640	-
Auto operating expenses	3,500	10,500	6,552	3,948
Electricity	1,081,500	891,190	732,379	158,811
Telephone related services	29,000	44,000	42,721	1,279
Heating fuel	150	240	234	6
Radio maintenance	400	400	153	247
Machine and equipment repairs	48,000	47,500	473,933	(426,433)
Other equipment repairs	2,000	2,220	-	2,220
Building maintenance	1,000	6,000	2,996	3,004
Uniforms and clothing	2,600	3,380	3,259	121
Chemicals	140,000	138,000	106,588	31,412
Lab supplies	11,000	12,000	11,305	695
Employee training	500	1,010	1,010	-
Professional services	53,000	76,170	138,755	(62,585)
Well repairs	82,000	128,000	82,065	45,935
Special departmental supplies	2,500	4,500	6,545	(2,045)
Gas and oil	20,000	25,000	26,010	(1,010)
Water usage	6,200	7,200	6,887	313
Upgrade and painting	75,000	86,000	-	86,000
Total Water Production - Ground Water	1,941,430	1,862,980	2,014,914	(151,934)

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
PROPRIETARY FUND – WATER AND SEWER FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Distribution Operations				
Salary and wages	\$ 973,850	\$ 754,150	\$ 723,137	\$ 31,013
Retirement	91,440	73,240	68,071	5,169
Health insurance	192,520	151,510	157,316	(5,806)
Workers' compensation	60,510	60,510	46,489	14,021
Social security	74,500	58,500	54,348	4,152
Printing and supplies	500	300	290	10
Safety supplies	-	1,400	1,150	250
Postage	150	150	2	148
Membership and dues	300	440	435	5
Travel and conferences	500	90	-	90
Auto operating expenses	25,000	26,000	17,397	8,603
Electricity	9,750	9,700	8,105	1,595
Telephone related services	4,300	5,150	4,845	305
Radio maintenance	700	400	76	324
Maintenance and service contracts	3,800	1,440	1,667	(227)
Machine and equipment repairs	22,000	18,350	73,019	(54,669)
Building maintenance	3,500	3,150	2,960	190
Uniforms and clothing	11,000	11,380	11,299	81
Meters, parts and supplies	346,000	123,500	126,766	(3,266)
Pipe fittings and hydrants	200,000	200,000	195,618	4,382
Paving materials and supplies	9,900	5,400	3,878	1,522
Employee training	400	2,400	1,039	1,361
Professional services	3,000	2,800	87,285	(84,485)
Special departmental supplies	15,000	16,100	58,753	(42,653)
Gas and oil	95,000	100,000	87,597	12,403
Machines and equipment	3,900	3,950	-	3,950
Total Distribution Operations	<u>2,147,520</u>	<u>1,630,010</u>	<u>1,731,542</u>	<u>(101,532)</u>
Collection Operations				
Salary and wages	441,590	437,250	419,202	18,048
Retirement	41,470	41,600	39,201	2,399
Health insurance	93,060	87,210	83,708	3,502
Workers' compensation	26,500	26,500	20,343	6,157
Social security	33,780	33,340	30,711	2,629
Postage	50	50	-	50
Printing and supplies	100	100	45	55
Membership and dues	200	300	250	50
Travel and conferences	200	200	175	25
Auto operating expenses	11,000	11,000	10,582	418

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
PROPRIETARY FUND – WATER AND SEWER FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Collection Operations (Continued)				
Telephone related services	\$ 500	\$ 500	\$ 186	\$ 314
Radio maintenance	500	600	575	25
Machine and equipment repairs	18,000	18,000	7,147	10,853
Uniforms and clothing	5,000	5,000	4,829	171
Pipe Fittings and hydrants	55,000	49,800	28,492	21,308
Paving materials and supplies	30,000	30,000	22,880	7,120
Employee training	150	150	-	150
Professional services	250	250	124	126
Special departmental supplies	10,000	10,000	12,095	(2,095)
Gas and oil	38,500	49,500	51,991	(2,491)
Machines and equipment	7,000	7,000	-	7,000
Total Collection Operations	<u>812,850</u>	<u>808,350</u>	<u>732,536</u>	<u>75,814</u>
Non-Departmental				
Depreciation and amortization	5,664,500	5,624,500	4,510,747	1,113,753
Bank charges	20,000	43,000	35,780	7,220
Employee relations	15,000	15,000	12,821	2,179
Unemployment compensation	8,000	3,000	(586)	3,586
Other post employment benefits	173,100	158,700	158,601	99
Property and liability insurance	138,000	135,000	133,680	1,320
Small claims	25,000	25,000	14,811	10,189
Employee W/C small claims	18,000	30,000	22,465	7,535
Legal services	-	30,000	25,434	4,566
City-County complex operation	191,900	213,400	198,253	15,147
Contingency	125,000	324,670	-	324,670
IT support services	115,000	130,000	116,160	13,840
IT upgrade	-	7,000	4,984	2,016
Management system software	215,000	283,600	-	283,600
Special projects	100,000	115,000	106,769	8,231
Redevelopment expenses	-	-	159,661	(159,661)
Total Non-Departmental	<u>6,808,500</u>	<u>7,137,870</u>	<u>5,499,580</u>	<u>1,638,290</u>
TOTAL OPERATING EXPENSES	<u>18,760,700</u>	<u>19,239,700</u>	<u>16,950,330</u>	<u>2,289,370</u>
OPERATING INCOME	<u>11,522,300</u>	<u>11,044,300</u>	<u>13,483,069</u>	<u>2,438,769</u>

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
PROPRIETARY FUND – WATER AND SEWER FUND
YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Non-Operating Revenues (Expenses)				
Investment earnings	\$ 45,000	\$ 44,000	\$ 48,234	\$ 4,234
Gain on disposal of assets	-	-	5,314	5,314
Interest expense	(1,346,000)	(1,345,000)	(1,431,980)	(86,980)
Appropriation of net assets	3,039,500	3,279,500	-	(3,279,500)
Total Non-Operating Revenues (Expenses)	<u>1,738,500</u>	<u>1,978,500</u>	<u>(1,378,432)</u>	<u>(3,356,932)</u>
INCOME BEFORE TRANSFERS	13,260,800	13,022,800	12,104,637	(918,163)
TRANSFERS OUT	<u>(13,260,800)</u>	<u>(13,022,800)</u>	<u>(2,605,375)</u>	<u>10,417,425</u>
CHANGE IN NET ASSETS	-	-	9,499,262	9,499,262
NET ASSETS AT BEGINNING OF YEAR	<u>99,954,430</u>	<u>99,954,430</u>	<u>99,954,430</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 99,954,430</u>	<u>\$ 99,954,430</u>	<u>\$ 109,453,692</u>	<u>\$ 9,499,262</u>

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL
PROPRIETARY FUND – STORMWATER UTILITY FUND
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
Operating Revenues				
Stormwater service fees	\$ 1,259,000	\$ 1,240,500	\$ 1,252,899	\$ 12,399
Miscellaneous income	60,900	79,400	89,874	10,474
Total Operating Revenues	1,319,900	1,319,900	1,342,773	22,873
Operating Expenses				
Salary and wages	295,630	289,560	288,388	1,172
Retirement	27,760	27,090	26,704	386
Health insurance	53,680	47,890	47,350	540
Workers' compensation	20,820	16,820	15,975	845
Social security	22,620	21,370	20,774	596
Printing and supplies	500	500	258	242
Membership and dues	700	700	280	420
Postage	200	200	-	200
Travel and conferences	800	800	360	440
Auto operating expenses	10,000	11,500	11,046	454
Electricity	4,000	4,000	3,758	242
Telephone related services	900	500	663	(163)
Radio maintenance	500	500	101	399
Machine and equipment repairs	18,500	17,200	17,012	188
Other equipment	3,000	3,000	-	3,000
Uniforms and clothing	5,000	3,000	2,734	266
Pipe fittings and hydrants	10,000	6,400	6,381	19
Employees training	1,200	800	666	134
Professional services	38,000	40,500	162,674	(122,174)
Special departmental supplies	6,500	3,000	5,619	(2,619)
Gas and oil	28,400	34,900	37,164	(2,264)
Depreciation	692,000	692,000	526,444	165,556
Bank charges	3,500	3,500	3,000	500.00
Employee relations	500	500	310	190
Unemployment compensation	100	100	18	82
Property and liability insurance	5,100	5,100	4,758	342
Other postretirement employee benefits	15,100	13,900	13,800	100
Amortization of bond issue costs	-	-	1,878	(1,878)
Small claims	1,000	1,000	-	1,000
TOTAL OPERATING EXPENSES	1,266,010	1,246,330	1,198,115	48,215

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
PROPRIETARY FUND – STORMWATER UTILITY FUND
YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Non-Operating Revenues (Expenses)				
Investment earnings	\$ 5,100	\$ 5,100	\$ 2,305	\$ (2,795)
Interest expense	-	-	(97,513)	(97,513)
Appropriation of net assets	580,000	580,000	-	(580,000)
Total Non-Operating Revenues (Expenses)	<u>585,100</u>	<u>585,100</u>	<u>(95,208)</u>	<u>(680,308)</u>
INCOME BEFORE TRANSFERS	638,990	658,670	49,450	(609,220)
TRANSFERS IN	<u>(638,990)</u>	<u>(658,670)</u>	<u>85,374</u>	<u>744,044</u>
CHANGE IN NET ASSETS	-	-	134,824	134,824
NET ASSETS AT BEGINNING OF YEAR	<u>2,919,246</u>	<u>2,919,246</u>	<u>2,919,246</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 2,919,246</u></u>	<u><u>\$ 2,919,246</u></u>	<u><u>\$ 3,054,070</u></u>	<u><u>\$ 134,824</u></u>

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
SPECIAL REVENUE FUND – VICTIMS SERVICES FUND
YEAR ENDED JUNE 30, 2012**

<hr/>	
Court fines	
Court fines collected	\$ 644,958
Court fines retained by City	<u>(644,958)</u>
Court fines remitted to the State Treasurer	<u>\$ -</u>
Court Assessments, Surcharges and Pullout	
Court assessment collected	\$ 693,364
Court surcharges collected	240,370
Court pullout collected	20,063
Court assessments, surcharges and pullout retained by City	<u>(103,884)</u>
Court assessments, surcharges and pullout remitted to the State Treasurer	<u>\$ 849,913</u>
Victims Services	
Court assessments allocated to Victims Services	\$ 77,313
Court surcharges allocated to Victims Services	26,571
Investment income	<u>344</u>
Funds allocated to Victims Services	104,228
Victims Services expenditures	<u>(129,759)</u>
Funds provided (used) in current year	(25,531)
Funds available for carryforward from prior year	<u>140,198</u>
Funds available for carryforward at end of year	<u>\$ 114,667</u>

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STATISTICAL SECTION

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<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	93
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	101
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	105
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	110
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	115

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF FLORENCE, SOUTH CAROLINA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 19,774,538	\$ 21,299,373	\$ 23,053,142	\$ 22,624,824	\$ 20,703,754	\$ 21,001,938	\$ 17,499,606	\$ 13,871,015	\$ 17,158,331	\$ 19,429,425
Restricted	-	-	-	-	167,439	20,000	30,000	30,000	5,029,732	1,279,834
Unrestricted	10,478,230	9,618,837	9,426,872	9,759,013	9,853,296	11,745,471	10,298,441	14,544,052	8,484,126	8,596,543
Total governmental activities net assets	<u>\$ 30,252,768</u>	<u>\$ 30,918,210</u>	<u>\$ 32,480,014</u>	<u>\$ 32,383,837</u>	<u>\$ 30,724,489</u>	<u>\$ 32,767,409</u>	<u>\$ 27,828,047</u>	<u>\$ 28,445,067</u>	<u>\$ 30,672,189</u>	<u>\$ 29,305,802</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 41,575,877	\$ 47,714,364	\$ 49,295,162	\$ 53,017,659	\$ 54,491,789	\$ 55,854,407	\$ 63,684,875	\$ 63,713,249	\$ 79,843,049	\$ 82,021,447
Restricted	-	-	-	-	280,988	-	2,473,850	5,075,799	6,323,412	4,899,688
Unrestricted	12,570,127	13,654,173	14,553,098	13,696,663	16,365,953	22,494,732	17,791,955	23,762,825	16,707,215	25,586,627
Total business-type activities net assets	<u>\$ 54,146,004</u>	<u>\$ 61,368,537</u>	<u>\$ 63,848,260</u>	<u>\$ 66,714,322</u>	<u>\$ 71,138,730</u>	<u>\$ 78,349,139</u>	<u>\$ 83,950,680</u>	<u>\$ 92,551,873</u>	<u>\$ 102,873,676</u>	<u>\$ 112,507,762</u>
Primary government totals										
Invested in capital assets, net of related debt	\$ 61,350,415	\$ 69,013,737	\$ 72,348,304	\$ 75,642,483	\$ 75,195,543	\$ 76,856,345	\$ 81,184,481	\$ 77,584,264	\$ 97,001,380	\$ 101,450,872
Restricted	-	-	-	-	448,427	20,000	2,503,850	5,105,799	11,353,144	6,179,522
Unrestricted	23,048,357	23,273,010	23,979,970	23,455,676	26,219,249	34,240,203	28,090,396	38,306,877	25,191,341	34,183,170
Total primary government net assets	<u>\$ 84,398,772</u>	<u>\$ 92,286,747</u>	<u>\$ 96,328,274</u>	<u>\$ 99,098,159</u>	<u>\$ 101,863,219</u>	<u>\$ 111,116,548</u>	<u>\$ 111,778,727</u>	<u>\$ 120,996,940</u>	<u>\$ 133,545,865</u>	<u>\$ 141,813,564</u>

Table 02

**CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 6,191,940	\$ 5,882,028	\$ 5,502,778	\$ 6,008,887	\$ 5,988,907	\$ 7,903,075	\$ 8,068,970	\$ 7,307,747	\$ 6,910,887	\$ 6,884,773
Public safety	10,100,303	10,467,776	10,982,959	11,683,483	12,365,574	12,733,887	13,323,884	13,409,835	14,139,828	15,342,743
Public works	4,328,155	4,107,632	4,191,109	4,449,471	4,451,755	4,579,662	4,933,597	5,172,572	4,868,876	5,527,026
Culture and recreation	1,343,332	1,919,012	3,029,951	3,282,275	7,588,055	4,407,663	6,765,323	4,318,364	4,030,009	5,223,822
Community development	741,417	759,905	1,031,915	363,629	477,068	216,096	328,207	1,697,060	502,885	1,097,686
Interest on debt	1,264	27,823	2,083	21,608	165,107	147,403	273,148	365,197	525,463	672,883
Total governmental activities expenses	<u>22,706,411</u>	<u>23,164,176</u>	<u>24,740,795</u>	<u>25,809,353</u>	<u>31,036,466</u>	<u>29,987,786</u>	<u>33,693,129</u>	<u>32,270,775</u>	<u>30,977,948</u>	<u>34,748,933</u>
Business-type activities:										
Water & Sewer	15,435,783	16,141,725	17,277,622	17,786,812	17,674,784	18,350,029	20,480,653	19,267,013	17,974,450	18,376,996
Stormwater	643,199	634,494	655,871	877,543	1,050,567	1,074,366	1,070,200	1,159,819	1,210,596	1,295,628
Total business-type activities expenses	<u>16,078,982</u>	<u>16,776,219</u>	<u>17,933,493</u>	<u>18,664,355</u>	<u>18,725,351</u>	<u>19,424,395</u>	<u>21,550,853</u>	<u>20,426,832</u>	<u>19,185,046</u>	<u>19,672,624</u>
Total primary government expenses	<u>\$ 38,785,393</u>	<u>\$ 39,940,395</u>	<u>\$ 42,674,288</u>	<u>\$ 44,473,708</u>	<u>\$ 49,761,817</u>	<u>\$ 49,412,181</u>	<u>\$ 55,243,982</u>	<u>\$ 52,697,607</u>	<u>\$ 50,162,994</u>	<u>\$ 54,421,557</u>
Program Revenues										
Governmental activities:										
Charges for services	\$ 10,006,919	\$ 11,531,609	\$ 12,689,299	\$ 12,948,872	\$ 13,966,132	\$ 16,289,368	\$ 16,560,571	\$ 14,532,169	\$ 13,867,188	\$ 13,786,297
Operating grants and contributions	1,827,960	1,270,774	1,906,380	1,182,273	2,655,129	2,761,350	1,552,503	3,313,840	4,073,237	2,971,633
Capital grants and contributions	-	500,000	1,294,186	564,662	723,680	697,194	736,431	285,763	51,000	356,500
Total governmental activities program revenues	<u>11,834,879</u>	<u>13,302,383</u>	<u>15,889,865</u>	<u>14,695,807</u>	<u>17,344,941</u>	<u>19,747,912</u>	<u>18,849,505</u>	<u>18,131,772</u>	<u>17,991,425</u>	<u>17,114,430</u>
Business-type activities:										
Charges for services:										
Water & Sewer	19,146,982	19,614,845	20,530,495	21,416,515	22,679,541	26,030,858	25,476,228	27,616,193	28,554,598	29,557,415
Stormwater	1,058,348	1,046,266	1,066,694	1,090,893	1,124,063	1,213,130	1,219,444	1,234,003	1,247,883	1,252,899
Capital grants and contributions	1,910,569	4,772,555	-	21,000	228,060	257,666	814,663	574,568	741,858	-
Total business-type activities revenues	<u>22,115,899</u>	<u>25,433,666</u>	<u>21,597,189</u>	<u>22,528,408</u>	<u>24,031,664</u>	<u>27,501,654</u>	<u>27,510,335</u>	<u>29,424,764</u>	<u>30,544,339</u>	<u>30,810,314</u>
Total primary government revenues	<u>33,950,778</u>	<u>38,736,049</u>	<u>37,487,054</u>	<u>37,224,215</u>	<u>41,376,605</u>	<u>47,249,566</u>	<u>46,359,840</u>	<u>47,556,536</u>	<u>48,535,764</u>	<u>47,924,744</u>
Net (expense)/revenue										
Governmental activities	(10,871,532)	(9,861,793)	(8,850,930)	(11,113,546)	(13,691,525)	(10,239,874)	(14,843,624)	(14,139,003)	(12,986,523)	(17,634,503)
Business-type activities	6,036,917	8,657,447	3,663,696	3,864,053	5,306,313	8,077,259	5,959,482	8,997,932	11,359,293	11,137,690
Total primary government net expense	<u>\$ (4,834,615)</u>	<u>\$ (1,204,346)</u>	<u>\$ (5,187,234)</u>	<u>\$ (7,249,493)</u>	<u>\$ (8,385,212)</u>	<u>\$ (2,162,615)</u>	<u>\$ (8,884,142)</u>	<u>\$ (5,141,071)</u>	<u>\$ (1,627,230)</u>	<u>\$ (6,496,813)</u>

(Continued)

Table 02

**CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEAR (CONTINUED)
(Accrual Basis of Accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes and fees										
Property taxes	\$ 7,211,204	\$ 7,292,228	\$ 7,507,436	\$ 7,956,478	\$ 8,193,634	\$ 8,360,565	\$ 8,594,436	\$ 8,766,376	\$ 9,375,114	\$ 9,401,312
Hospitality Fees ⁽¹⁾	-	1,122,278	2,283,203	2,371,249	2,661,073	2,799,149	2,800,739	2,841,585	2,926,340	3,092,529
Unrestricted grants and contributions	974,076	1,422,854	941,113	1,006,529	1,143,389	987,666	942,306	790,254	711,684	728,643
Investment earnings	135,677	57,738	116,464	255,196	479,844	439,199	186,869	45,791	22,815	20,686
Gain on sale of assets	-	-	-	-	-	-	-	-	-	355,108
Miscellaneous	115,078	242,415	435,721	344,108	603,307	869,250	514,233	188,017	158,122	149,837
Transfers	1,185,396	1,512,000	1,412,000	1,455,058	1,612,000	1,626,117	1,637,000	2,124,000	2,019,569	2,520,001
Total governmental activities	<u>9,621,431</u>	<u>11,649,513</u>	<u>12,695,937</u>	<u>13,388,618</u>	<u>14,693,247</u>	<u>15,081,946</u>	<u>14,675,583</u>	<u>14,756,023</u>	<u>15,213,644</u>	<u>16,268,116</u>
Business-type activities										
Investment earnings	240,390	77,086	228,027	457,067	730,095	759,267	365,531	231,755	53,504	50,539
Miscellaneous	-	-	-	-	-	-	913,528	1,495,506	928,575	965,858
Transfers	(1,185,396)	(1,512,000)	(1,412,000)	(1,455,058)	(1,612,000)	(1,626,117)	(1,637,000)	(2,124,000)	(2,019,569)	(2,520,001)
Total business-type activities	<u>(945,006)</u>	<u>(1,434,914)</u>	<u>(1,183,973)</u>	<u>(997,991)</u>	<u>(881,905)</u>	<u>(866,850)</u>	<u>(357,941)</u>	<u>(396,739)</u>	<u>(1,037,490)</u>	<u>(1,503,604)</u>
Total Primary government	<u>8,676,425</u>	<u>10,214,599</u>	<u>11,511,964</u>	<u>12,390,627</u>	<u>13,811,342</u>	<u>14,215,096</u>	<u>14,317,642</u>	<u>14,359,284</u>	<u>14,176,154</u>	<u>14,764,512</u>
Changes in Net Assets										
Governmental activities	(1,250,101)	665,442	1,561,804	(96,177)	(1,659,351)	2,042,923	(2,968,780)	617,020	2,227,121	(1,366,387)
Business-type activities	5,091,911	7,222,533	2,479,723	2,866,062	4,424,408	7,210,409	5,601,541	8,601,193	10,321,803	9,634,086
Total primary government	<u>\$ 3,841,810</u>	<u>\$ 7,887,975</u>	<u>\$ 4,041,527</u>	<u>\$ 2,769,885</u>	<u>\$ 2,765,057</u>	<u>\$ 9,253,332</u>	<u>\$ 2,632,761</u>	<u>\$ 9,218,213</u>	<u>\$ 12,548,924</u>	<u>\$ 8,267,699</u>

(1) Effective 1/1/2004

Table 03

**CITY OF FLORENCE, SOUTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX AND FEE REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Business License/ Franchise Fees</u>	<u>Hospitality Fee⁽¹⁾</u>	<u>Fines and Forfeitures</u>	<u>Total</u>
2003	\$ 7,211,204	\$ 7,671,638	\$ -	\$ 785,772	\$ 15,668,614
2004	7,292,228	7,459,531	1,122,278	628,344	16,502,381
2005	7,507,436	7,939,460	2,283,203	591,924	18,322,023
2006	7,956,478	8,127,825	2,371,249	688,837	19,144,389
2007	8,193,634	8,566,956	2,661,073	825,692	20,247,355
2008	8,360,565	10,212,766	2,799,149	827,954	22,200,434
2009	8,594,436	10,332,888	2,800,739	725,808	22,453,871
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787
2011	9,375,114	10,347,941	2,926,340	695,789	23,345,184
2012	9,401,312	10,318,699	3,092,529	692,526	23,505,066

(1) Effective 1/1/2004

Table 04

**CITY OF FLORENCE, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,201	\$ 265,745
Restricted	-	-	-	-	-	-	-	-	210,000	-
Reserved	-	-	-	-	-	300,000	27,000	240,000	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	693,523	781,179
Unreserved	10,080,026	8,548,666	8,206,188	8,004,650	8,187,370	8,128,515	9,022,785	9,510,270	8,740,538	8,291,180
Total General Fund	<u>\$ 10,080,026</u>	<u>\$ 8,548,666</u>	<u>\$ 8,206,188</u>	<u>\$ 8,004,650</u>	<u>\$ 8,187,370</u>	<u>\$ 8,428,515</u>	<u>\$ 9,049,785</u>	<u>\$ 9,750,270</u>	<u>\$ 9,899,262</u>	<u>\$ 9,338,104</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,730	\$ 25,063
Restricted	-	-	-	-	-	-	-	-	1,733,579	1,279,834
Reserved	-	-	-	-	2,988,084	1,151,487	-	-	-	-
Committed	-	-	-	-	-	-	-	-	3,141,642	1,409,480
Assigned	-	-	-	-	-	-	-	-	1,194,567	675,914
Unreserved	450,929	1,282,068	1,383,486	2,023,353	1,691,698	3,750,499	8,889,745	7,169,422	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 450,929</u>	<u>\$ 1,282,068</u>	<u>\$ 1,383,486</u>	<u>\$ 2,023,353</u>	<u>\$ 4,679,782</u>	<u>\$ 4,901,986</u>	<u>\$ 8,889,745</u>	<u>\$ 7,169,422</u>	<u>\$ 6,090,518</u>	<u>\$ 3,390,291</u>

Table 05

CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property Taxes	\$ 7,320,927	\$ 7,280,753	\$ 7,409,461	\$ 7,813,788	\$ 7,954,442	\$ 8,172,899	\$ 8,577,341	\$ 8,766,376	\$ 9,345,471	\$ 9,399,509
Licenses and fees	7,671,638	8,581,809	10,222,663	10,499,074	11,228,029	13,011,915	13,133,627	13,322,031	13,274,281	13,411,228
Intergovernmental	2,802,036	2,169,463	2,621,052	2,448,800	4,099,227	3,609,493	2,529,952	4,290,958	2,715,256	3,790,156
Charges for services	1,317,815	1,448,821	1,487,413	1,615,327	1,787,838	1,980,238	2,047,613	2,211,833	2,128,982	2,159,166
Fines and forfeitures	785,772	628,344	591,924	688,837	825,692	827,954	725,808	784,380	695,789	692,526
Investment earnings	135,677	57,738	116,464	255,196	479,844	439,199	186,869	45,791	30,006	20,689
Miscellaneous	442,748	1,678,382	1,680,684	450,306	956,527	2,165,312	1,132,615	1,036,131	3,001,651	675,859
Total revenues	<u>20,476,613</u>	<u>21,845,310</u>	<u>24,129,661</u>	<u>23,771,328</u>	<u>27,331,599</u>	<u>30,207,010</u>	<u>28,333,825</u>	<u>30,457,500</u>	<u>31,191,436</u>	<u>30,149,133</u>
Expenditures										
Current										
General government	6,116,046	5,362,932	4,967,408	5,439,557	5,446,156	7,389,797	7,407,872	6,995,675	6,765,865	6,776,184
Public safety	9,450,501	9,669,395	10,335,380	10,774,687	11,587,658	11,921,922	12,417,086	12,392,972	12,947,045	14,132,035
Public works	3,470,619	3,564,636	3,747,404	3,970,308	4,024,636	4,251,485	4,290,955	4,479,662	4,254,787	4,699,514
Culture and recreation	1,075,979	1,611,730	2,715,224	2,940,458	5,242,151	4,072,780	6,408,020	3,865,643	3,637,061	4,801,637
Community development	741,417	759,905	1,031,915	363,629	477,068	216,096	328,207	1,696,760	502,885	1,097,686
Debt Service										
Principal	48,664	243,651	240,921	272,252	505,051	543,977	670,369	1,069,978	1,162,813	2,358,462
Interest and debt costs	1,984	20,676	9,998	-	162,476	154,483	142,569	390,440	537,190	612,332
Capital Outlay										
Total expenditures	<u>23,380,186</u>	<u>24,529,772</u>	<u>25,782,721</u>	<u>25,542,535</u>	<u>29,865,450</u>	<u>32,706,060</u>	<u>34,781,292</u>	<u>33,503,490</u>	<u>39,571,801</u>	<u>36,398,227</u>
Excess of revenues over (under) expenditures	<u>(2,903,573)</u>	<u>(2,684,462)</u>	<u>(1,653,060)</u>	<u>(1,771,207)</u>	<u>(2,533,851)</u>	<u>(2,499,050)</u>	<u>(6,447,467)</u>	<u>(3,045,990)</u>	<u>(8,380,365)</u>	<u>(6,249,094)</u>
Other financing sources (uses)										
Bond proceeds	-	-	-	-	-	-	-	-	5,345,000	-
Debt issuance cost	-	-	-	-	(35,867)	(7,584)	(52,305)	-	(37,000)	-
Insurance Proceeds	-	-	-	-	-	-	-	-	-	72,102
Operating transfers in	1,822,215	1,983,406	2,244,169	1,850,987	2,320,701	2,337,842	2,460,915	3,062,440	2,851,048	3,353,864
Operating transfers out	(235,331)	(471,406)	(832,169)	(426,829)	(708,701)	(700,842)	(823,915)	(938,440)	(669,189)	(833,863)
Proceeds of capital lease	-	472,241	-	785,378	3,761,000	1,325,402	9,558,117	-	47,025	395,606
Total other financing sources (uses)	<u>1,586,884</u>	<u>1,984,241</u>	<u>1,412,000</u>	<u>2,209,536</u>	<u>5,373,000</u>	<u>2,962,402</u>	<u>11,195,117</u>	<u>2,124,000</u>	<u>7,536,884</u>	<u>2,987,709</u>
Net change in governmental fund balance	<u>\$ (1,316,689)</u>	<u>\$ (700,221)</u>	<u>\$ (241,060)</u>	<u>\$ 438,329</u>	<u>\$ 2,839,149</u>	<u>\$ 463,352</u>	<u>\$ 4,747,650</u>	<u>\$ (921,990)</u>	<u>\$ (843,481)</u>	<u>\$ (3,261,385)</u>
Debt service as a percentage of non-capital expenditures	0.2%	1.1%	1.0%	1.1%	2.3%	2.2%	2.47%	4.96%	5.92%	9.43%

Table 06

**CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN NET ASSETS OF ENTERPRISE FUNDS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Water & Sewer										
Service Fees	\$ 18,073,785	\$ 18,633,285	\$ 19,247,289	\$ 20,289,696	\$ 21,368,185	\$ 24,202,597	\$ 24,796,610	\$ 27,163,915	\$ 28,151,177	\$ 28,975,273
Sewer Surcharges	81,558	100,107	144,525	78,501	97,078	59,654	68,766	69,589	96,440	35,156
Cut on Fees	72,300	57,405	63,075	65,245	74,325	178,735	157,812	163,132	162,648	147,414
Water & Sewer										
Tap Fees	489,342	554,213	610,873	671,204	835,823	1,030,488	453,040	382,689	403,421	546,986
Service Charges	197,763	116,150	127,780	129,788	125,372	290,606	255,388	265,134	226,186	240,778
Late Fees	73,895	76,308	77,990	81,019	87,053	164,823	285,028	418,462	422,020	430,468
Stormwater Fees	1,004,784	1,042,990	1,066,694	1,089,301	1,121,916	1,198,218	1,219,444	1,234,003	1,247,883	1,252,899
Investment earnings	240,390	77,086	228,027	457,067	730,095	759,267	365,531	231,755	53,504	50,539
Miscellaneous	211,903	80,653	258,963	123,654	321,912	376,533	1,187,775	1,223,346	928,575	152,512
Total revenues	<u>20,445,720</u>	<u>20,738,197</u>	<u>21,825,216</u>	<u>22,985,475</u>	<u>24,761,759</u>	<u>28,260,921</u>	<u>28,789,394</u>	<u>31,152,025</u>	<u>31,691,854</u>	<u>31,832,025</u>
Expenditures										
Current										
Engineering	659,660	634,732	713,268	776,610	809,866	906,622	869,298	911,246	974,177	1,032,580
Utility Finance	557,960	580,154	583,610	678,718	727,049	741,982	851,037	818,791	932,884	1,411,815
Wastewater Treatment	2,392,892	2,472,668	2,554,603	2,668,538	2,596,617	2,661,429	2,984,387	3,201,419	3,255,574	3,239,314
Water Production	2,252,778	2,216,561	2,351,240	2,492,365	2,742,980	3,046,488	2,882,349	2,963,361	2,668,762	3,302,963
Utility Operations	1,808,572	1,949,015	2,103,824	2,299,328	2,424,662	2,690,956	2,914,425	2,091,324	2,275,930	1,731,542
Utility Construction	172,437	130,579	187,231	194,431	109,020	190,226	263,678	755,176	768,601	732,536
Stormwater	643,199	634,494	655,871	877,543	883,581	916,032	920,469	1,019,210	1,079,309	1,198,115
Non-departmental	7,591,484	8,158,016	8,783,846	8,676,822	8,431,576	8,270,660	9,865,212	8,689,525	7,289,814	7,029,073
Net Interdepartmental										
Transfer	1,610,366	1,512,000	1,412,000	1,455,058	1,612,000	1,626,117	1,637,000	2,124,000	2,125,000	2,520,001
Total expense	<u>17,689,348</u>	<u>18,288,219</u>	<u>19,345,493</u>	<u>20,119,413</u>	<u>20,337,351</u>	<u>21,050,512</u>	<u>23,187,855</u>	<u>22,574,052</u>	<u>21,370,051</u>	<u>22,197,939</u>
Net change in net assets	<u>\$ 2,756,372</u>	<u>\$ 2,449,978</u>	<u>\$ 2,479,723</u>	<u>\$ 2,866,062</u>	<u>\$ 4,424,408</u>	<u>\$ 7,210,409</u>	<u>\$ 5,601,539</u>	<u>\$ 8,577,973</u>	<u>\$ 10,321,803</u>	<u>\$ 9,634,086</u>

Table 07

CITY OF FLORENCE, SOUTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX AND FEE REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Business License/ Franchise Fees</u>	<u>Hospitality Fee⁽¹⁾</u>	<u>Fines and Forfeitures</u>	<u>Total</u>
2003	\$ 7,211,204	\$ 7,671,638	\$ -	\$ 785,772	\$ 15,668,614
2004	7,292,228	7,459,531	1,122,278	628,344	16,502,381
2005	7,507,436	7,939,460	2,283,203	591,924	18,322,023
2006	7,956,478	8,127,825	2,371,249	688,837	19,144,389
2007	7,954,442	8,566,956	2,661,073	825,692	20,008,163
2008	8,172,899	10,212,766	2,799,149	827,954	22,012,768
2009	8,577,341	10,332,888	2,800,739	725,808	22,436,776
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787
2011	9,345,471	10,347,941	2,926,340	695,789	23,315,541
2012	9,399,509	10,318,699	3,092,529	692,526	23,503,263

(1) Effective 1/1/2004

Table 08

CITY OF FLORENCE, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Fiscal Year	Tax Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property	Motor Vehicles	Other					
2003	2002	\$ 29,931,710	\$ 45,447,167	\$ 16,229,621	\$ 22,859,025	\$ 3,769,229	\$ 110,698,294	60.8	\$ 1,896,430,587	5.84%
2004	2003	31,115,448	48,098,049	17,286,560	20,732,334	3,927,684	113,304,707	60.8	1,973,989,803	5.74
2005	2004	32,500,494	48,880,890	16,116,529	19,725,439	3,885,174	113,338,178	60.8	2,012,358,171	5.63
2006	2005	39,049,201	59,067,023	16,839,936	22,146,872	4,173,248	132,929,784	54.9	2,396,889,288	5.55
2007	2006	41,046,491	60,601,586	15,664,410	21,288,733	4,255,786	134,345,434	54.9	2,472,593,261	5.43
2008	2007	43,624,088	63,334,142	15,510,400	20,406,476	4,262,629	138,612,477	54.9	2,577,078,442	5.38
2009	2008	46,591,593	67,302,466	14,886,860	22,118,529	4,282,034	146,617,414	54.9	2,728,131,590	5.37
2010	2009	48,563,854	68,919,960	13,671,060	21,327,503	4,434,172	148,048,205	54.9	2,777,562,487	5.33
2011	2010	53,718,182	70,501,984	14,093,880	20,772,127	4,553,707	154,532,466	56.7	2,930,483,528	5.27
2012	2011	54,714,285	71,085,672	14,523,690	19,183,573	4,591,064	154,916,156	56.7	2,960,477,579	5.23

Source: Florence County

Table 09

**CITY OF FLORENCE, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	City of Florence			Overlapping Rates ⁽¹⁾							Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Total City Millage	Florence County			School District One			Technical College Millage	
					Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2003	2002	60.8	0.0	60.8	68.0	1.5	69.5	119.0	26.6	145.6	3.5	279.4
2004	2003	60.8	0.0	60.8	68.5	1.5	70.0	140.2	18.0	158.2	3.5	292.5
2005	2004	60.8	0.0	60.8	68.5	1.5	70.0	145.7	16.3	162.0	3.5	296.3
2006	2005	54.9	0.0	54.9	66.3	1.5	67.8	140.2	16.4	156.6	3.4	282.7
2007	2006	54.9	0.0	54.9	67.9	9.0	76.9	151.0	15.0	166.0	3.4	301.2
2008	2007	54.9	0.0	54.9	67.9	9.0	76.9	157.5	19.0	176.5	4.9	313.2
2009	2008	54.9	0.0	54.9	67.9	9.0	76.9	163.7	19.0	182.7	4.9	319.4
2010	2009	54.9	0.0	54.9	67.9	9.0	76.9	171.7	34.3	206.0	4.9	342.7
2011	2010	53.7	3.0	56.7	67.9	9.0	76.9	173.2	32.0	205.2	4.9	343.7
2012	2011	53.7	3.0	56.7	68.9	8.0	76.9	177.5	30.0	207.5	4.9	346.0

Source: Florence County Auditor's Office

(1) Overlapping rates are those of Florence County, School District One, and Florence-Darlington Technical College that apply to property owners within the City of Florence.

Table 10

**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
QHG of South Carolina	\$ 8,908,680	1	5.59%	\$ 7,696,560	1	6.72%
Magnolia, LLC	3,227,920	2	2.02	-		
Carolina Power and Light	3,121,870	3	1.96	2,456,010	4	2.15
McLeod Regional Medical Center	2,974,510	4	1.86	4,342,360	2	3.79
BellSouth Telecommunications	1,930,280	5	1.21	3,339,910	3	2.92
Wal-Mart	1,675,710	6	1.05	823,270	9	0.72
Raldex, Inc.	1,635,260	7	1.03	-		
Holcombe Land Development	1,289,900	8	0.81	1,034,850	8	0.90
Edens & Avant Fin. Ltd. Partnership	1,066,770	9	0.67	1,230,370	7	1.07
CSX	873,856	10	0.55	-		
Byrd Properties, Inc.				2,361,740	5	2.06
Lowe's Home Improvement				1,301,150	6	1.14
La Z Boy Incorporated				762,190	10	0.67

Source: Florence County

(1) Total Assessed Value for 2012 was \$159,507,220

(2) Total Assessed Value for 2003 was \$114,467,523

Table 11

**CITY OF FLORENCE, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Original Tax Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections of Prior Tax Year's Levy in Subsequent Fiscal Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Collected</u>	<u>Percentage of Original Levy</u>
2003	2002	\$ 6,959,625	\$ 6,904,209	99.2%	\$ 62,260	\$ 6,966,469	100.0%
2004	2003	7,127,729	6,858,315	96.2	57,851	6,916,166	97.0
2005	2004	7,127,180	6,993,031	98.1	77,415	7,070,446	99.2
2006	2005	7,526,956	7,382,948	98.1	58,728	7,441,676	98.9
2007	2006	7,609,207	7,526,794	98.9	66,140	7,592,934	99.8
2008	2007	7,843,843	7,733,752	98.6	72,246	7,805,998	99.5
2009	2008	8,284,380	8,125,465	98.1	82,543	8,208,008	99.1
2010	2009	8,371,282	8,260,672	98.7	63,290	8,323,962	99.4
2011	2010	9,020,186	8,793,288	97.5	74,277	8,867,565	98.3
2012	2011	9,044,059	8,846,137	97.8	-	8,846,137	97.8

Source: Florence County

Table 12

**CITY OF FLORENCE, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds ⁽²⁾	Notes Payable			
2003	\$ -	\$ -	\$ 12,331	\$ 39,282,468	\$ 33,344,134	\$ 72,638,933	1.51%	\$ 2,311
2004	-	-	240,921	39,511,795	32,958,638	72,711,354	1.47	2,296
2005	-	-	-	37,641,122	31,125,861	68,766,983	1.32	2,163
2006	-	-	4,274,126	39,670,000	29,111,139	73,055,265	1.35	2,288
2007	-	-	3,769,075	37,090,000	27,028,107	67,887,182	1.16	2,120
2008	-	1,280,000	3,270,500	36,265,000	24,873,896	65,689,396	1.08	2,049
2009	-	2,235,000	11,363,248	34,555,000	22,645,511	70,798,759	1.08	2,200
2010	-	2,060,675	10,466,595	110,240,000	17,419,572	140,186,842	2.13	3,783
2011	5,345,000	1,829,137	9,563,108	108,625,000	27,950,456	153,312,701	*	4,107
2012	5,092,905	1,416,062	8,265,421	104,551,000	28,815,589	148,140,977	*	3,940

(1) See Table 17 Demographic and Economic Statistics for population data.

(2) Excludes bond premium or discounts

* Personal Income Tax Data is not currently available

Table 13

**CITY OF FLORENCE, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Per Capita</u>
2003	31,427	\$ 114,467,523	\$ -	\$ -	\$ -	0.00%	\$ -
2004	31,662	117,232,391	-	-	-	0.00	-
2005	31,787	117,223,352	-	-	-	0.00	-
2006	31,930	137,103,032 ⁽²⁾	-	-	-	0.00	-
2007	32,015	138,601,220	-	-	-	0.00	-
2008	32,063	142,875,106	-	-	-	0.00	-
2009	32,180	150,899,448	-	-	-	0.00	-
2010	37,056	152,482,377	-	-	-	0.00	-
2011	37,326	159,086,173 ⁽²⁾	5,345,000	-	5,345,000	3.36	143
2012	37,596	159,507,220	5,092,905	431,976	4,660,929	2.92	124

(1) 2010 is the U.S. Census population, all other estimates by the South Carolina Budget and Control Board - Office of Research and Statistics or City of Florence Finance Department.

(2) Reassessment

Table 14

**CITY OF FLORENCE, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Government⁽¹⁾</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Florence	\$ 14,774,388	100.00%	\$ 14,774,388
Total Direct Debt	<u>14,774,388</u>		<u>14,774,388</u>
Overlapping:⁽²⁾			
Florence County	17,130,609	36.30%	6,215,411
Florence School District 1	19,000,000	44.75%	8,502,500
Total Overlapping Debt	<u>36,130,609</u>		<u>14,717,911</u>
 Total Direct & Overlapping Debt	 <u>\$ 50,904,997</u>		 <u>\$ 29,492,299</u>

(1) The percentage of overlapping debt applicable is estimated by using assessed property values. Applicable percentages were estimated by dividing the City's assessed value by the assessed value of the appropriate overlapping jurisdiction (Florence County or Florence School District 1)

(2) Source: Florence County Finance Department

Table 15

**CITY OF FLORENCE, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 9,157,402	\$ 9,378,591	\$ 9,377,868	\$ 10,968,243	\$ 11,088,098	\$ 11,430,008	\$ 12,071,956	\$ 12,198,590	\$ 12,726,894	\$ 12,760,578
Total net debt applicable to limit	-	-	-	-	-	-	-	-	\$5,345,000	\$4,660,929
Legal Debt Margin	<u>\$9,157,402</u>	<u>\$9,378,591</u>	<u>\$9,377,868</u>	<u>\$10,968,243</u>	<u>\$11,088,098</u>	<u>\$11,430,008</u>	<u>\$12,071,956</u>	<u>\$12,198,590</u>	<u>\$7,381,894</u>	<u>\$8,099,649</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	42.00%	36.53%

Legal Debt Margin Calculation for Fiscal Year 2012

Taxable Assessed Value - 2012 Levy	\$ 154,916,156
Add back: exempt real property	4,591,064
Total Assessed Value	<u>\$ 159,507,220</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$ 12,760,578
Debt applicable to limit:	
Total Bonded Debt	\$ 5,092,905
Less amounts available in debt service fund	(431,976)
Less Deductions Allowed by Law	-
Total Net Debt Applicable to Limit	<u>4,660,929</u>
Legal Debt Margin	<u>\$ 8,099,649</u>

CITY OF FLORENCE, SOUTH CAROLINA
REVENUE BOND COVERAGE – COMBINED WATER AND SEWER UTILITIES SYSTEM BONDS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Gross Revenue⁽¹⁾</u>	<u>Less: Operating Expenses⁽²⁾</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2003	\$ 19,382,569	\$ 8,496,911	\$ 10,885,658	\$ 3,306,140	\$ 3,326,816	\$ 6,632,956	1.64
2004	19,687,358	8,522,953	11,164,405	3,421,442	3,412,801	6,834,243	1.63
2005	20,742,121	9,461,277	11,280,844	3,616,634	3,363,546	6,980,180	1.62
2006	21,837,986	10,087,728	11,750,258	3,902,590	3,181,807	7,084,397	1.66
2007	23,213,857	10,240,322	12,973,535	4,085,899	2,987,178	7,073,077	1.83
2008	26,654,167	11,204,841	15,449,326	2,392,078	2,782,452	5,174,530	2.99
2009	26,712,674	12,292,031	14,420,643	3,341,252	2,650,041	5,991,293	2.41
2010	29,199,368	12,087,177	17,112,191	3,447,196	2,497,453	5,944,649	2.88
2011	30,665,248	11,751,584	18,913,664	1,973,833	4,923,927	6,897,760	2.74
2012	31,924,606	12,439,583	19,485,023	2,176,116	5,427,840	7,603,956	2.56

(1) Total Operating Revenues (including interest and Build America Bond Interest Subsidy) exclusive of grants and sale of assets.

(2) Total operating expenses exclusive of depreciation and amortization.

Table 17

**CITY OF FLORENCE, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population⁽¹⁾	Personal Income (in millions)⁽²⁾	Per Capita Personal Income⁽²⁾	Public School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
2003	31,427	4,799	24,600	14,309	9.2
2004	31,662	4,950	25,204	14,117	8.7
2005	31,787	5,208	26,399	13,905	8.4
2006	31,930	5,395	27,449	14,715	7.5
2007	32,015	5,861	29,661	15,510	6.1
2008	32,063	6,093	30,690	15,490	6.7
2009	32,180	6,528	30,542	15,783	12.1
2010	37,056	6,592	32,048	16,017	11.0
2011	37,326	*	*	16,081	11.6
2012	37,596	*	*	16,176	10.2

* Information not yet available

(1) 2010 is the U.S. Census population, all other estimates by the South Carolina Budget and Control Board - Office of Research and Statistics or City of Florence Finance Department.

(2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year. Source for fiscal year 2003 was State Budget & Control Board, Office of Research & Statistics.

(3) Florence School District One

(4) South Carolina Department of Employment and Workforce. Unemployment rate is for Florence County.

Table 18

**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL EMPLOYERS IN THE CITY OF FLORENCE
CURRENT AND NINE YEARS AGO**

<u>Employer</u>	<u>2012</u>			<u>2003⁽²⁾</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment⁽¹⁾</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment¹</u>
McLeod Regional Medical Center	6,000	1	10.4%	4,678	1	NA
Florence School District One	2,174	2	3.8	-	-	-
Carolinas Hospital System	1,783	3	3.1	1,408	2	-
The Assurant Group	1,000	4	1.7	-	-	NA
Palmetto Gov't Benefits/TRICARE	967	5	1.7	-	-	NA
Florence County	890	6	1.5	750	3	-
Wal-Mart	715	7	1.2	-	-	-
City of Florence	534	8	0.9	-	-	-
Florence Co. Disabilities & Spec. Needs	330	9	0.6	-	-	-
SC DHEC	327	10	0.6	-	-	-
The ESAB Group				500	4	NA
Francis Marion University				475	5	NA
Roche Carolina				286	6	NA
Pepsi Cola				261	7	
Maytag, Inc				260	8	NA
Pet Dairy				181	9	NA
Rental Uniforms				173	10	NA

(1) Total employment information is only available by county. This information represents percentage of Florence County's employment.

(2) Prior to FY 2006 principal employers were reported in the City's Water & Sewer Service area.

NA - This information is not available

Table 19

**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL WATER USERS IN SERVICE AREA
CURRENT AND NINE YEARS AGO**

Customer	Type of Business	2012			2003		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Hospital	Medical Services	1	\$ 214,733	1.51%	1	\$ 200,919	2.11%
Francis Marion University	University	2	154,423	1.09	4	89,260	0.94
Johnson Controls	Manufacturing	3	130,070	0.92			
Roche Carolina	Manufacturing	4	86,914	0.61	5	73,359	0.77
Heinz	Manufacturing	5	71,645	0.50			
Rental Uniforms	Industrial	6	61,800	0.44	7	55,249	0.58
Carolinas Hospital System	Medical Services	7	59,141	0.42			
Forrest Lake Apartments	Apartments	8	56,579	0.40			
McCall Farms	Manufacturing	9	49,503	0.35			
International Food House	Manufacturing	10	46,184	0.33	8	47,150	0.58
General Electric	Manufacturing				2	188,462	1.98
Florence County	Government				3	108,434	1.14
Pet Dairy	Manufacturing				6	71,352	0.75
Pepsi Cola	Manufacturing				9	46,994	0.49
ESAB	Manufacturing				10	45,659	0.48
TOTALS			<u>\$ 930,992</u>	<u>6.57%</u>		<u>\$ 926,838</u>	<u>9.74%</u>

Total Billed Revenue: \$14,189,105

Table 20

**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL SEWER USERS IN SERVICE AREA
CURRENT AND NINE YEARS AGO**

Customer	Type of Business	2012			2003		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
Koppers	Manufacturing	1	\$ 244,068	1.65%	2	\$ 138,534	1.55%
Francis Marion University	University	2	227,147	1.53	4	122,654	1.37
McLeod Regional Hospital	Medical Services	3	223,938	1.51	1	214,218	2.40
Lee County Landfill	Government	4	152,293	1.03			
Darlington County	Government	5	142,105	0.96	8	69,805	0.78
ESAB	Manufacturing	6	131,218	0.89	5	112,589	1.26
Rental Uniforms	Industrial	7	113,244	0.77	7	91,069	1.02
Roche Carolina	Manufacturing	8	108,741	0.73	6	108,173	1.21
HEINZ	Manufacturing	9	101,741	0.69			
Carolina Hospital Systems	Medical Services	10	88,911	0.60	10	46,369	0.52
PET Dairy	Manufacturing				3	130,752	1.46
Amana	Manufacturing				9	48,230	0.54
TOTALS			<u>\$ 1,533,406</u>	<u>10.37%</u>		<u>\$ 1,082,393</u>	<u>12.11%</u>

Total Billed Revenues: \$14,799,979

Table 21

**CITY OF FLORENCE, SOUTH CAROLINA
NUMBER OF UTILITY CUSTOMERS – BY SERVICE AND CATEGORY
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009 ⁽¹⁾	2010	2011	2012
Water Customers:										
Residential	23,902	24,647	25,259	25,957	26,610	27,189	27,139	27,299	27,333	27,561
Commercial	2,694	2,739	2,763	2,802	2,849	2,970	2,958	2,983	2,977	3,006
Industrial							7	5	3	2
Total	<u>26,596</u>	<u>27,386</u>	<u>28,022</u>	<u>28,759</u>	<u>29,459</u>	<u>30,159</u>	<u>30,104</u>	<u>30,287</u>	<u>30,313</u>	<u>30,569</u>
Sewer Customers:										
Residential	14,375	14,989	15,421	16,241	16,761	17,190	17,143	17,340	17,344	17,517
Commercial	2,031	2,068	2,086	2,119	2,157	2,247	2,234	2,241	2,228	2,263
Industrial							7	6	5	4
Total	<u>16,406</u>	<u>17,057</u>	<u>17,507</u>	<u>18,360</u>	<u>18,918</u>	<u>19,437</u>	<u>19,384</u>	<u>19,587</u>	<u>19,577</u>	<u>19,784</u>
Total Utility Customers:	<u><u>43,002</u></u>	<u><u>44,443</u></u>	<u><u>45,529</u></u>	<u><u>47,119</u></u>	<u><u>48,377</u></u>	<u><u>49,596</u></u>	<u><u>49,488</u></u>	<u><u>49,874</u></u>	<u><u>49,890</u></u>	<u><u>50,353</u></u>

(1) Prior to 2009 Industrial customers were included in the Commercial customers' total.

Table 22

**CITY OF FLORENCE, SOUTH CAROLINA
WATER RATES
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 9.45	\$ 9.65	\$ 9.83	\$ 10.02	\$ 10.27	\$ 11.10	\$ 11.77	\$ 12.47	\$ 12.00	\$ 12.25
1"	14.48	14.68	14.97	15.26	15.67	16.92	17.94	19.01	25.50	26.05
1 1/4"	15.74	15.94	16.26	16.58	17.02	18.37	19.47	20.63	36.75	37.55
1 1/2"	28.32	28.52	29.12	29.70	30.52	32.92	34.90	36.99	48.00	49.05
2"	47.82	48.02	49.05	50.04	51.45	55.46	58.79	62.31	75.00	76.65
3"	103.80	104.00	106.28	108.42	111.52	120.18	127.39	135.03	147.00	150.25
4"	181.80	182.00	186.01	189.76	195.22	210.34	222.96	236.33	228.00	233.05
6"	405.09	405.29	414.28	422.64	434.85	468.48	496.59	526.38	453.00	463.05
8"	717.70	717.90	733.85	748.68	770.32	829.89	879.68	932.46	723.00	739.05
Volume Rate (per 1,000 gallons)	1.29	1.35	1.38	1.41	1.43	1.55	1.64	1.74	1.75	1.79
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	12.60	12.80	13.05	13.30	13.65	15.15	16.51	18.00	17.40	17.77
1"	20.14	20.34	20.76	21.17	21.75	24.12	26.29	28.66	39.00	39.85
1 1/4"	22.03	22.23	22.69	23.14	23.77	26.36	28.73	31.32	57.00	58.25
1 1/2"	40.90	41.10	41.98	42.82	44.02	48.79	53.18	57.97	75.00	76.65
2"	70.15	70.35	71.85	73.32	75.41	83.57	91.09	99.29	118.20	120.81
3"	154.12	154.32	157.72	160.90	165.52	183.39	199.89	217.88	233.40	238.57
4"	271.11	271.31	277.32	282.92	291.07	322.47	351.49	383.13	363.00	371.05
6"	606.06	606.26	619.72	632.24	650.51	720.64	785.49	856.19	723.00	739.05
8"	1,074.98	1,075.18	1,099.07	1,121.28	1,153.72	1,278.07	1,393.09	1,518.47	1,153.00	1,180.65
Volume Rate (per 1,000 gallons)	1.94	2.03	2.07	2.12	2.15	2.39	2.61	2.84	2.80	2.86

(1) Minimum rate is based on meter size and includes the customer charge (per account)

Table 23

**CITY OF FLORENCE, SOUTH CAROLINA
SEWER RATES
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 15.61	\$ 15.91	\$ 16.12	\$ 16.41	\$ 16.82	\$ 18.28	\$ 19.38	\$ 20.54	\$ 20.60	\$ 21.20
1"	25.07	25.41	25.75	26.23	26.92	29.28	31.04	32.90	46.85	48.20
1 1/4"	27.43	27.79	28.16	28.69	29.45	32.03	33.95	35.99	68.73	70.70
1 1/2"	51.07	51.55	52.24	53.25	54.71	59.52	63.09	66.88	90.60	93.20
2"	87.71	88.38	89.56	91.32	93.86	102.15	108.28	114.78	143.10	147.20
3"	192.91	194.11	196.72	200.61	206.27	224.50	237.97	252.25	283.10	291.20
4"	339.48	341.42	346.02	352.88	362.88	395.30	419.02	444.16	440.60	453.20
6"	759.09	763.16	773.44	788.82	811.25	883.04	936.02	992.18	878.10	903.20
8"	1,346.54	1,353.60	1,371.82	1,399.14	1,438.96	1,566.32	1,660.30	1,759.95	1,403.10	1,443.20
Volume Rate (per 1,000 gallons)	1.62	1.66	1.71	1.75	1.77	1.90	2.01	2.13	2.48	2.55
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	21.52	21.85	22.14	22.55	23.14	25.86	28.19	30.73	31.10	32.00
1"	35.70	36.11	36.59	37.29	38.29	42.82	46.68	50.88	73.10	75.20
1 1/4"	39.25	39.67	40.20	40.97	42.08	47.06	51.30	55.92	108.11	111.20
1 1/2"	74.71	75.31	76.32	77.81	79.97	89.47	97.52	106.30	143.10	147.20
2"	129.67	130.55	132.31	134.91	138.70	155.21	169.18	184.41	227.10	233.60
3"	287.47	289.15	293.04	298.85	307.31	343.95	374.91	408.66	451.10	464.00
4"	57.32	510.12	516.98	527.26	542.23	606.90	661.52	721.06	703.10	723.20
6"	1,136.74	1,142.73	1,158.11	1,181.17	1,214.78	1,359.71	1,482.09	1,615.48	1,403.10	1,443.20
8"	2,017.92	2,028.38	2,055.70	2,096.64	2,156.34	2,413.65	2,630.88	2,867.66	2,243.10	2,307.20
Volume Rate (per 1,000 gallons)	2.43	2.49	2.57	2.63	2.66	2.93	3.19	3.48	3.97	4.08

(1) Minimum rate is based on meter size and includes the customer charge (per account)

Table 24

**CITY OF FLORENCE, SOUTH CAROLINA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Full-time Equivalent City Government Positions									
	2003	2004	2005	2006	2007 ⁽¹⁾	2008	2009	2010	2011	2012
General Government Admin.	18	19	19	13	11	12	12	12	13	14
Finance Department	9	9	10	10	10	10	10	10	10	10
Personnel Department	4	4	4	4	4	5	5	5	5	6
Community Services Department	5	5	5	5	7	8	8	8	8	8
Public Safety										
Police	123	127	138	140	138	138	140	143	153	153
Fire	71	71	71	71	70	70	71	72	85	85
Total Public Safety	194	198	209	211	208	208	211	215	238	238
Public Works Department										
Streets and Beautification	28	28	28	30	30	30	30	30	30	30
Sanitation	23	23	23	24	24	25	27	27	27	27
Equipment Maintenance	8	8	8	8	8	8	7	7	7	7
Total Public Works	59	59	59	62	62	63	64	64	64	64
Parks and Recreation	31	17	23	23	23	35	39	39	41	41
Urban Planning & Development	0	0	0	0	4	4	8	8	8	7
Water and Sewer	105	114	115	116	117	117	117	118	119	120
Stormwater	11	11	12	12	11	11	11	10	9	9
Total Employees	436	436	456	456	457	473	485	489	515	517

Source: City of Florence Budget

(1) Urban Planning & Development staff had previously been counted in the General Government Administration Function.

Table 25

**CITY OF FLORENCE, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical Arrests	2,569	2,737	2,918	2,881	3,003	3,523	3,787	3,633	2,740	2,965
Traffic Violations	4,765	4,366	6,345	8,876	9,323	9,598	8,692	8,775	12,697	7,728
Parking Violations	838	966	1,020	1,153	757	623	924	770	546	514
Fire										
Calls Answered	2,060	2,603	2,162	2,324	2,413	2,236	2,177	2,565	2,709	2,492
Inspections	705	780	941	974	1,021	837	1,286	1,040	1,797	1,992
Water System										
Service Connections	26,813	27,475	28,166	28,759	29,459	30,238	30,240	30,814	30,396	30,546
Average daily consumptions (in millions of gallons)	11.70	12.06	12.06	12.50	13.00	14.00	13.00	13.00	13.00	13.00
Maximum daily capacity (in millions of gallons)	37.00	37.00	37.00	37.00	37.00	37.00	37.00	26.00	26.00	26.00
Wastewater System										
Service connections	NA	17,154	17,632	18,360	18,918	19,486	19,530	19,954	19,641	19,780
Average daily treatment (in millions of gallons)	10.10	10.10	10.10	8.90	10.00	9.82	11.00	12.00	10.00	8.50
Maximum daily capacity (in millions of gallons)	15.00	15.10	15.00	15.00	15.00	15.00	18.00	18.00	18.00	18.00

Table 26

**CITY OF FLORENCE, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	2	2	2	2	2	2	3	2	3
Resource Centers	6	3	3	3	3	3	4	6	9	5
Patrol units	113	113	115	125	157	127	135	100	133	159
Fire Stations										
Fire Stations	4	4	4	4	4	4	4	4	5	5
Highways and Streets										
Streets (in miles) ⁽¹⁾	235	241	241	246	241	241	283	283	96	97
Streetlights (Leased)	4,970	5,125	5,572	5,816	6,052	6,075	6,235	6,375	6,670	6,722
Culture and Recreation										
Community centers	4	3	3	4	3	4	4	4	6	6
Parks	13	13	14	15	16	16	17	19	19	19
Park acreage	300	300	530	500	530	605	624	660	660	660
Swimming pools	0	0	0	0	0	0	0	0	0	0
Tennis courts	26	24	24	24	22	24	24	48	54	50
Water System										
Water mains (in miles)	698	726	730	730	730	741	718	718	724	733
Fire hydrants	1,000	1,280	1,524	1,786	1,801	1,882	2,334	2,213	2,229	2,259
Wastewater System										
Sanitary sewers (in miles)	352	357	368	375	375	390	388	425	448	456
Treatment plants	1	2	1	1	1	1	1	1	1	1
Stormwater System										
Storm sewers (in miles) ⁽²⁾	91	95	100	105	109	110	115	115	75	76

(1) Prior to 2011 the streets reported represented the total number of miles within the City. Beginning in 2011, the streets reported represent the miles of streets owned by the City of Florence.

(2) Prior to 2011 the storm drains reported represented the total number of miles within the City. Beginning in 2011, the storm drains reported represent the miles of storm drains owned by the City of Florence.

Table 27

**CITY OF FLORENCE, SOUTH CAROLINA
MISCELLANEOUS STATISTICS**

Date of Incorporation	1890
Form of Government	Council/Manager
Total Number of Full-Time Employees	517
Area in square miles	21.00
 Facilities and services not included in the primary government	
Cable Television System	
Miles of service (Florence County)	1,369
Number of satellite receiving stations	-
 Education	
Number of elementary schools	13
Number of elementary school instructors	548
Number of secondary schools	8
Number of secondary school instructors	500
 Facilities and services not included in the reporting entity	
Hospitals	
Number of hospitals	3
Number of patient beds	913
 Other data	
Business Licenses issued for fiscal year 2011-2012	3,381
New Business Licenses issued for fiscal year 2011-2012	497
 Business License Receipts	\$ 6,966,831
Percent change in Business License receipts from prior year	1.41%
 Franchise Fee Receipts	\$ 3,351,868
Percent change in Franchise Fee receipts from prior year	(3.81%)
 Population (estimated population)	37,596
City of Florence gross retail sales for calendar year 2011	\$ 2,456,487,308
Per Capita spending for calendar year 2011	\$ 60,979
 Outstanding General Obligation Debt, net of amounts available for debt service	\$ 4,660,929
Outstanding Revenue Debt	\$ 133,366,589
 City of Florence Bond Rating	
Moody's Investor's Service	Aa2
Standards and Poor's	A+
 Residential construction permits issued	201
Construction value	\$ 8,652,000
Commercial construction permits issued	110
Construction value	\$ 26,913,319

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor
and Members of the City Council
City of Florence, South Carolina

Compliance

We have audited the compliance of the **City of Florence, South Carolina**, with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Florence's major federal programs for the year ended June 30, 2012. The City of Florence's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Florence's management. Our responsibility is to express an opinion on the City of Florence's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Florence's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Florence's compliance with those requirements.

In our opinion, the City of Florence complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the City of Florence is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Florence's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Florence's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City of Florence City Council, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Florence, South Carolina
December 3, 2012

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Expenditures
U.S. Department of Housing and Urban Development			
Direct program			
Community Development Block Grant Entitlement	14.218	N/A	\$ 316,833
Total Direct Department of Housing and Urban Development			<u>316,833</u>
Passed through S.C. State Housing Finance and Development Authority			
Neighborhood Stabilization Program	14.228	08-NSP-116	18,351
Neighborhood Stabilization Program	14.228	11-NSP-116	693,761
Subtotal CFDA 14.228			<u>712,112</u>
HOME Investment Partnership Program	14.239	2010HOMERESV	176,151
Total passed through S.C. State Housing Finance and Development Authority			<u>888,263</u>
Total Department of Housing and Urban Development			<u>1,205,096</u>
U.S. Department of Justice			
Direct program			
Bureau of Justice Assistance Grant	16.580	N/A	95,338
Bullet Proof Vest Program	16.607		4,898
ARRA - Bureau of Justice Grant	16.804	N/A	14,500
Public Safety Partnership and Community Policing Grants	16.710	N/A	48,287
ARRA - Public Safety Partnership and Community Policing Grants	16.710	N/A	211,227
Subtotal CFDA 16.710			<u>259,514</u>
Total Department of Justice direct programs			<u>374,250</u>
U.S. Environmental Protection Agency			
Passed through S.C. Dept. of Health and Environmental Control			
Capitalization Grants for Clean Water State Revolving Funds	66.458	S1-121-09-378-19	2,667,065
Total Environmental Protection Agency passed through programs			<u>2,667,065</u>
U.S. Department of Health and Human Services			
Passed through Circle Park Behavioral Health Services			
Prevention and Wellness - Communities Putting Prevention to Work	93.724	N/A	24,751
Total Department of Health and Human Services passed through programs			<u>24,751</u>
U.S Department of Homeland Security			
Direct program			
Assistance to Firefighters Grants	97.044	N/A	47,237
Total Department of Homeland Security direct programs			<u>47,237</u>
			<u>\$ 4,318,399</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

1. Significant Accounting Policies

The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. The information presented on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. For purposes of the schedule, federal programs include all federal awards and procurement relationships entered into directly between the primary government, the City of Florence, South Carolina, and the federal government and sub-grants from non-federal organizations made under federally sponsored agreements.

2. Outstanding Loans

At June 30, 2012, the City had the following outstanding loans:

	CFDA #	Amount
U.S. Department of Housing and Urban Development		
CDBG Section 108 Loan Guarantees	14.248	\$ 805,000
U.S. Environmental Protection Agency		
Water Supply Improvements	66.468	1,299,672
Pee Dee Regional Water System/Finished Water Main	66.468	4,736,310
Rain Water Storage	66.468	2,019,053
Regional Wastewater Treatment Plant Upgrade - Phase I	66.458	17,534,837
Total Environmental Protection Agency		25,589,872
Total loans outstanding		\$ 26,394,872

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unqualified Opinion

Internal control over financial reporting:
 Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified not considered to be material
 weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified that are not considered to be
 material weaknesses? _____ yes X none reported

Type of auditor’s report issued on compliance for major
 programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in
 accordance with section .510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	CDBG – Neighborhood Stabilization Program
66.458	Capitalization Grants for Clean Water State Revolving Funds
16.710	ARRA – Public Safety Partnership and Community Policing Program

Dollar threshold used to distinguish between Type A and Type B
 programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

II – Financial Statements Findings:

None

III – Federal Awards Findings:

None

**CITY OF FLORENCE, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012**

None

INTENTIONALLY LEFT BLANK

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor
and Members of the City Council
City of Florence, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, South Carolina, as of and for the year ended June 30, 2012, which collectively comprise the City of Florence, South Carolina's basic financial statements and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Florence is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Florence's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Florence's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Florence's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Florence's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, City of Florence City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Florence, South Carolina
December 3, 2012